

**CITY OF ST. JOSEPH**  
**BERRIEN COUNTY, MICHIGAN**  
**FINANCIAL REPORT**  
**June 30, 2008**

# Auditing Procedures Report

=Required Fields

Reset Form

Issued under Public Act 2 of 1968, as amended. (V1.07)

Unit Name	CITY OF ST. JOSEPH	County	BERRIEN	Type	CITY	MuniCode	112070
Opinion Date-Use Calendar	Sept 12,2008	Audit Submitted-Use Calendar	OCTOBER 23, 2008	Fiscal Year End Month	06	Fiscal Year	2008

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No."

- ☒ ☐ 1. Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements?  
☐ 2. Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets?  
☐ 3. Were the local unit's actual expenditures within the amounts authorized in the budget?  
☒ ☐ 4. Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury?  
☒ ☐ 5. Did the local unit adopt a budget for all required funds?  
☒ ☐ 6. Was a public hearing on the budget held in accordance with State statute?  
☒ ☐ 7. Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division?  
☒ ☐ 8. Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act?  
☒ ☐ 9. Do all deposits/investments comply with statutory requirements including the adoption of an investment policy?  
☒ 10. Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.)  
☒ ☐ 11. Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.)  
☒ ☐ 12. Is the local unit free of repeated reported deficiencies from previous years?  
☒ ☐ 13. Is the audit opinion unqualified?      14. If not, what type of opinion is it? NA  
☒ 15. Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)?  
☒ ☐ 16. Has the board or council approved all disbursements prior to payment as required by charter or statute?  
☒ ☐ 17. To your knowledge, were the bank reconciliations that were reviewed performed timely?  
☒ ☐ 18. Are there reported deficiencies?      ☒ 19. If so, was it attached to the audit report?

General Fund Revenue:	<input type="checkbox"/> 7151156
General Fund Expenditure:	<input type="checkbox"/> 6288772
Major Fund Deficit Amount:	\$ 0.00

General Fund Balance:	<input type="checkbox"/> 1536897
Governmental Activities Long-Term Debt (see instructions):	<input type="checkbox"/> 7981002

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (reported deviations).

CPA (First Name)	ROBERT L.	Last Name	GERBEL	Ten Digit License Number				0000003953	
CPA Street Address	830 PLEASANT ST	City	ST. JOSEPH	State	MI	Zip Code	49085	Telephone	2699830534
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**CITY OF ST. JOSEPH  
BERRIEN COUNTY, MICHIGAN**

**FINANCIAL REPORT**

**June 30, 2008**

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## Management Discussion and Analysis

As management of the City of St. Joseph, we offer the readers of these financial statements this narrative overview and analysis of the financial activities of the City of St. Joseph for the fiscal year ended June 30, 2008. We encourage readers to consider the overview presented here in conjunction with the additional information that our auditors have provided within this report.

### **Financial Highlights**

- The assets of the City of St. Joseph exceeded its liabilities at the close of the most recent fiscal year by \$58,716,862.
- Of this amount, \$12,615,134 may be used to meet the ongoing obligations to our citizens and creditors.
- The City's total net assets increased by \$14,739,703.
- At the close of the current fiscal year, the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$9,642,549 an increase of \$1,977,800 when compared to the prior year.
- Approximately \$8,590,782 of this total amount is available for spending at the government's discretion.
- At the end of the current fiscal year, the general fund unreserved fund balance was \$1,497,148 or 24% of total general fund expenditures.
- The City of St. Joseph's total debt decreased by \$841,488 during the current fiscal year, this was due in large part to the retiring of the remaining debt on City Hall.

### **Overview of the Financial Statements**

This discussion and analysis are intended to serve as an introduction to the City of St. Joseph's basic financial statements. The City of St. Joseph's basic financial statements include the following three components:

1. Government-Wide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

In addition to the basic financial statements themselves, this report also contains other supplementary information.

## 1. Government-Wide Financial Statements

The Government-Wide Financial Statements are designed to provide the reader with a broad overview of the City of St. Joseph's finances, in a manner similar to what one would see in a private-sector business.

- The Statement of Net Assets presents information on all of the City of St. Joseph's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of St. Joseph is improving or deteriorating.
- The Statement of Activities presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods such as unused vacation leave.

Both of these Government-Wide Financial Statements distinguish City functions, which are principally supported by taxes and intergovernmental revenues from those functions that are intended to recover all or a significant portion of their costs through user fees and charges for services. The governmental activities of the City of St. Joseph include general government, public safety, highways and streets, sanitation, health and welfare, recreation and culture, community and economic development and debt service. The business-type activities of the City of St. Joseph include Water, Sewer, and Marina Operations.

The Government-Wide Financial Statements include not only the City of St. Joseph itself, but also a legally separate Downtown Development Authority and a legally separate Tax Increment Finance Authority for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. It should be noted that the Tax Increment Finance Authority will be eliminated during the 2008-2009 Fiscal Year.

## 2. Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City of St. Joseph, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of St. Joseph can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

### ***Governmental Funds***

Governmental Funds are used to account for essentially the same functions reported as governmental activities in the Government-Wide Financial Statements. However, unlike the Government-Wide Financial Statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as, on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of Governmental Funds is narrower than that of the Government-Wide Financial Statements, it is useful to compare the information presented for Governmental Funds with similar information presented for governmental activities in the Government-Wide Financial Statements. By doing so, the reader may better understand the long-term impact of the City's near-term financing decisions. Both the Governmental Fund Balance Sheet and the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances provide a reconciliation to facilitate this comparison between Governmental Funds and Governmental Activities.

The City of St. Joseph maintains 27 individual governmental funds. Information is presented separately in the Governmental Fund Balance Sheet and in the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balances for the General Fund, the Budget Stabilization Fund and the Bluffside Capital Project Fund, all of which are considered to be major funds. Data from the other 24 government funds are combined into a single, aggregate presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

The City of St. Joseph adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

#### ***Proprietary Funds***

The City of St. Joseph maintains two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the Government-Wide Financial Statements. The City of St. Joseph uses enterprise funds to account for its water and sewer operations and for its marina operation. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City of St. Joseph's various functions. The City of St. Joseph uses internal service funds to account for its fleet of vehicles and heavy equipment and for its self-insurance and employee health care needs. Because all three of these services predominantly benefit government rather than business-type functions, they have been included within Governmental Activities in the Government-Wide Financial Statements.

Proprietary funds provide the same type of information as the Government-Wide Financial Statements, only in more detail. The Proprietary Fund Financial Statements provide separate information for the water and sewer operations and for the marina operation, all of which are considered to be major funds of the City of St. Joseph. Conversely, all three internal service funds are combined into a single, aggregated presentation in the Proprietary Fund Financial Statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

#### ***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the Government-Wide Financial Statements because the resources of those funds are not available to support the City of St. Joseph's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

### **3. Note to the Financial Statements**

The notes provide additional information that is essential to a full understanding of the data provided in the Government-Wide and Fund Financial Statements.

### **4. Other Information**

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of St. Joseph's progress in funding its obligation to provide pension benefits to its employees.

The Combining Statements referred to earlier in connection with non-major governmental funds and internal service funds are presented immediately following the notes to the financial statements.



### **Government-Wide Financial Analysis**

Net assets may serve over time as a useful indicator of a government's financial position. In the case of City of St. Joseph, assets exceeded liabilities by \$58,716,862 at the close of the 2007-2008 fiscal year.

By far the largest portion of the City of St. Joseph's net assets reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The City of St. Joseph uses these capital assets to provide services to citizens; and consequently, these assets are not available for future spending. Although the City of St. Joseph's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

### **City of St. Joseph Net Assets**

	<b>Governmental Activities</b>	<b>Business Type Activities</b>	<b>Component Units</b>	<b>Current Year Total</b>	<b>Prior Year Total</b>
Current and Other Assets	\$ 11,639,457	\$ 3,881,133	\$ 52,713	\$ 15,573,303	\$ 13,297,539
Capital Assets	\$ 41,177,023	\$ 11,016,499	\$ -	\$ 52,193,522	\$ 40,467,463
<b>Total Assets</b>	<b>\$ 52,816,480</b>	<b>\$ 14,897,632</b>	<b>\$ 52,713</b>	<b>\$ 67,766,825</b>	<b>\$ 53,765,002</b>
Long-Term Liabilities Outstanding	\$ 7,318,346	\$ 25,874	\$ -	\$ 7,344,220	\$ 8,847,451
Other Liabilities	\$ 936,013	\$ 769,702	\$ 28	\$ 1,705,743	\$ 940,392
<b>Total Liabilities</b>	<b>\$ 8,254,359</b>	<b>\$ 795,576</b>	<b>\$ 28</b>	<b>\$ 9,049,963</b>	<b>\$ 9,787,843</b>
Invested in Capital Assets, Net of Related Debt	\$ 34,184,339	\$ 11,016,499	\$ -	\$ 45,200,838	\$ 32,009,106
Restricted	\$ 900,890	\$ -	\$ -	\$ 900,890	\$ 2,007,559
Unrestricted	\$ 9,476,892	\$ 3,085,557	\$ 52,685	\$ 12,615,134	\$ 9,960,494
<b>Total Net Assets</b>	<b>\$ 44,562,121</b>	<b>\$ 14,102,056</b>	<b>\$ 52,685</b>	<b>\$ 58,716,862</b>	<b>\$ 43,977,159</b>

A portion of the City of St. Joseph's net assets (1.5%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$12,615,134) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City of St. Joseph is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental, business-type activities, and component units.

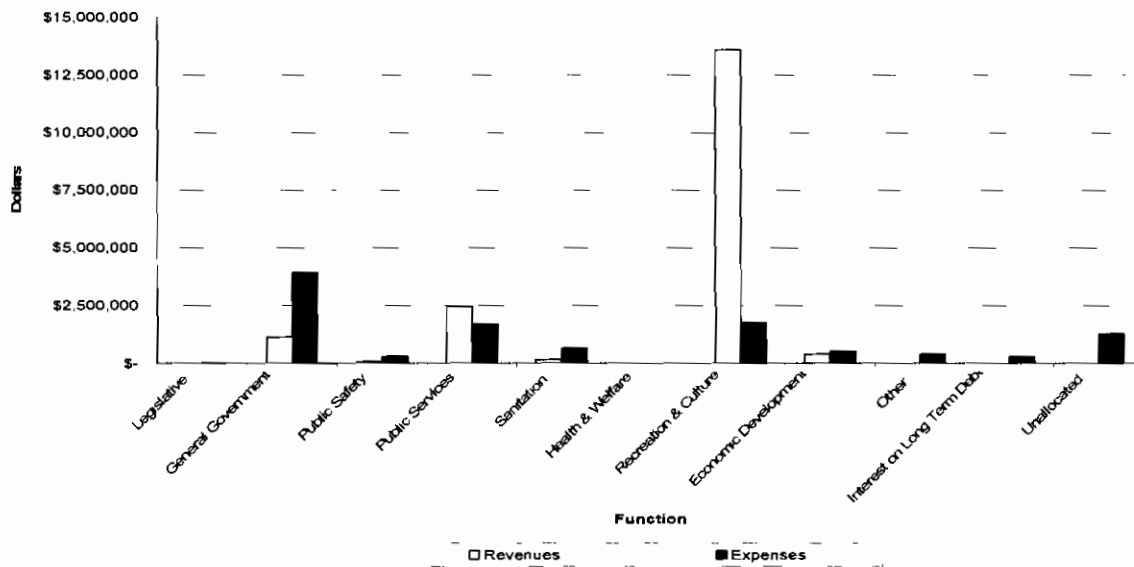
## City of St. Joseph Changes in Net Assets

	Governmental Activities	Business Type Activities	Component Units	Current Year Total	Prior Year Total
<b>Revenues</b>					
<i><b>Program Revenues</b></i>					
Charges for Services	\$3,422,880	\$5,089,760	\$ -	\$8,512,640	\$7,563,816
Grants and Contributions	14,446,353	-	-	\$14,446,353	1,676,134
<i><b>General Revenues</b></i>	-	-	-	-	-
Property Taxes	6,666,997	-	43,254	\$6,710,251	6,130,908
State Revenue	962,894	-	-	\$962,894	980,962
Fines, Fees and Forfeits	308,631	134,376	-	\$443,007	300,018
Interest	413,908	116,719	3,171	\$533,798	706,751
Miscellaneous	1,622,839	167,317	-	\$1,790,156	70,454
Sale of Fixed Assets	(87,072)	-	-	(\$87,072)	(14,245)
<b>Total Revenues</b>	<b>\$27,757,430</b>	<b>\$5,508,172</b>	<b>\$46,425</b>	<b>\$33,312,027</b>	<b>\$17,414,798</b>
<b>Expenses</b>					
Legislative	\$28,166	-	\$ -	\$28,166	\$25,330
General Government	3,933,053	-	-	\$3,933,053	1,394,186
Public Safety	3,001,085	-	-	\$3,001,085	2,841,797
Public Works	1,709,439	-	-	\$1,709,439	1,784,338
Sanitation	652,553	-	-	\$652,553	631,133
Health and Welfare	50,537	-	-	\$50,537	50,537
Recreation and Cultural	1,760,743	-	-	\$1,760,743	2,020,549
Economic Development	535,015	-	-	\$535,015	535,179
Other	403,758	-	-	\$403,758	405,148
Interest on Long-Term Debt	287,330	-	-	\$287,330	316,013
Depreciation-unallocated	1,290,603	-	-	\$1,290,603	1,065,613
Sewer Fund	-	1,343,775	-	\$1,343,775	1,329,869
Water Fund	-	3,452,558	-	\$3,452,558	3,108,304
Marina Fund	-	455,058	-	\$455,058	380,914
Downtown Development Authority	-	-	50,736	\$50,736	-
Tax Increment Financing Authority	-	-	875	-	14,514
<b>Total Expenses</b>	<b>\$13,652,282</b>	<b>\$5,251,391</b>	<b>\$51,611</b>	<b>\$18,955,284</b>	<b>\$15,952,130</b>
Increase (Decrease) in Net Assets before Transfers	14,105,148	256,781	(5,186)	14,356,743	1,462,668
Transfers	(726,603)	745,321	(18,718)	-	-
<b>Changes in net assets</b>	<b>13,378,545</b>	<b>1,002,102</b>	<b>(23,904)</b>	<b>14,375,743</b>	<b>1,462,668</b>
Net Assets Beginning of Year	31,183,576	13,099,954	76,589	44,360,119	42,514,491
<b>Net Assets End of Year</b>	<b>44,562,121</b>	<b>14,102,056</b>	<b>52,685</b>	<b>58,716,862</b>	<b>43,977,159</b>

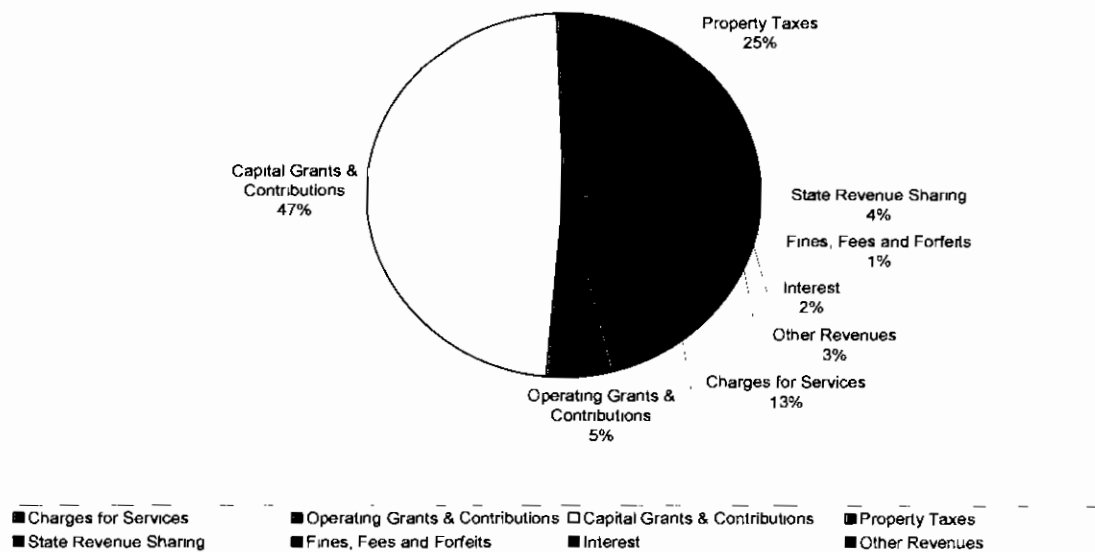
### Governmental Activities

Governmental Activities increased the City of St. Joseph's net assets by \$13,378,545, accounting for 93% of the total growth in the net assets of the City of St. Joseph. Property taxes were \$6,666,997 or 27% of the total governmental revenues. Grants and contributions were \$14,446,353 or 52% of the total governmental revenues. Contributions included a major gift of land valued at \$8.2 million. The remaining 21% is mostly composed of various charges for services and interest revenue. Public safety expenditures totaled \$3,001,085 or 22% of the governmental expenses. General government and Recreation and Cultural expenditures totaled 42% of the governmental expenses. This amount is artificially inflated due to the offsetting entry to expenses for the land contribution.

**Program Revenues & Expenses - Governmental Activities**



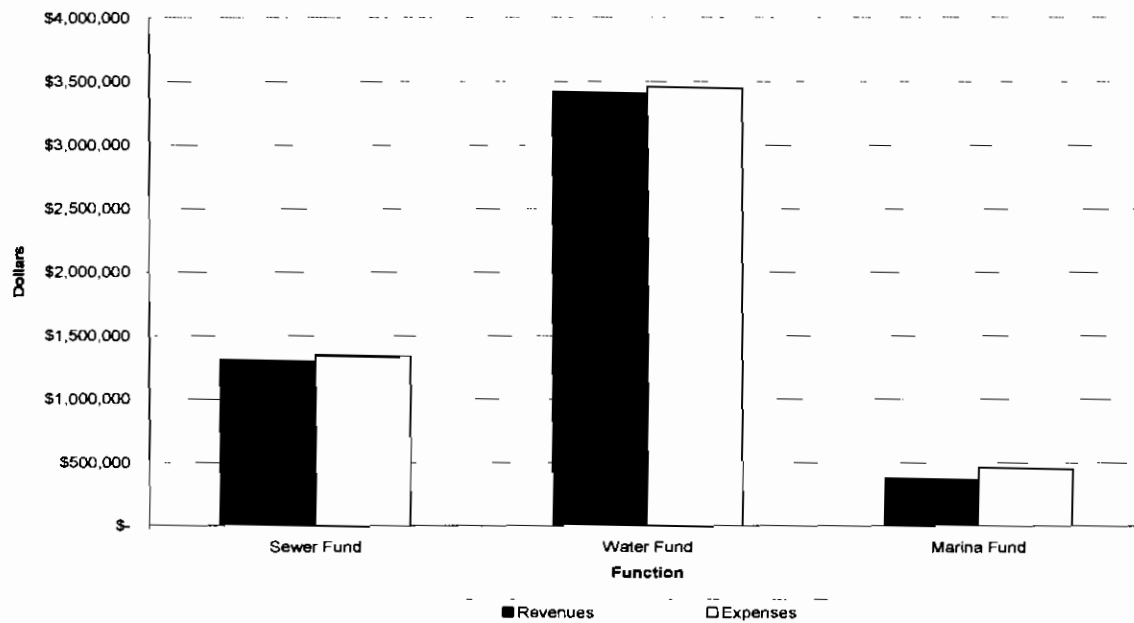
**Revenues by Source Governmental Activities**



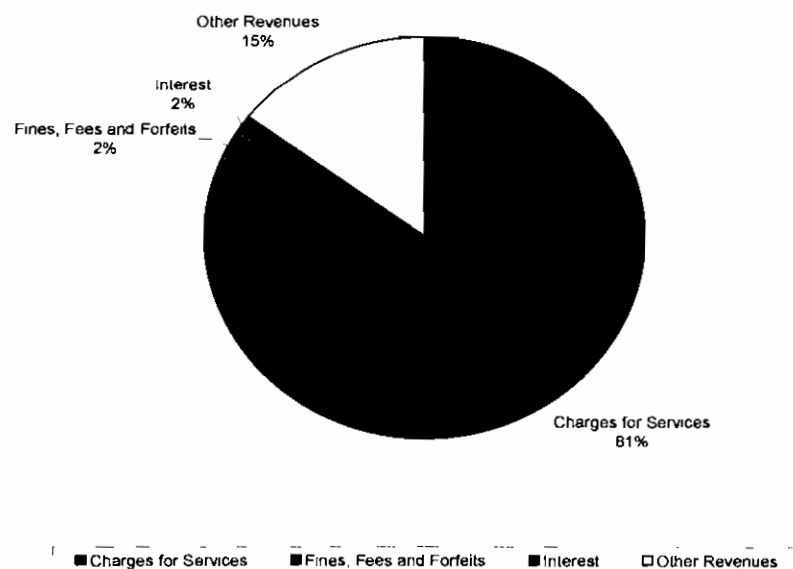
### ***Business-Type Activities***

Business-type Activities increased the City of St. Joseph's net assets by \$1,002,102, accounting for 6% of the total growth in the net assets of the City of St. Joseph. Charges for services were \$5,089,760 or 93% of the total business-type revenues. The remaining 7% is mostly composed of various fees and interest revenue. Business-type expenditures increased overall by \$432,304.

**Program Revenues and Expenses - Business Type Funds**



**Revenue by Source - Business Type Activities**



### **Financial Analysis of the City of St. Joseph's Funds**

As noted earlier, the City of St. Joseph uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

#### ***Governmental Funds***

The focus of the City of St. Joseph's Governmental Funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City of St. Joseph's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year the City of St. Joseph's Governmental Funds reported combined ending fund balances of \$9,642,549, an increase of \$1,977,800 in comparison with the prior year. Approximately 89% of this total amount constitutes unreserved fund balance, which is available for spending at the government's discretion within the individual fund parameters. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to pay for certain activities in special revenue funds, 2) to spend on certain library activities, or 3) to generate income to pay for the perpetual care of the city cemeteries.

The General Fund is the chief operating fund of the City of St. Joseph. At the end of the current fiscal year, the fund balance of the General Fund was \$1,536,897 which represents roughly 24% of total General Fund expenditures. As a measure of liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. The fund balance of the City of St. Joseph's General Fund has increased by \$207,384 from the previous year.

#### ***Proprietary Funds***

The City of St. Joseph's proprietary funds provide the same type of information found in the Government-Wide Financial Statements, but in more detail.

Unrestricted net assets of the Water Fund at the end of the year amounted to \$2,182,255, and the Sewer Fund \$239,239 and those for the Marina Fund amounted to \$664,063. The Water Fund increased net assets by \$454,241. The Sewer Fund increased net assets by \$452,497 and the Marina Fund increased net assets by \$95,364. Other factors concerning the finances of these two funds have already been addressed in the discussion of the City of St. Joseph's business-type activities.

### **General Fund Budgetary Highlights**

Differences between the original budget and the final amended budget were relatively minor and resulted in a net increase in budgeted expenditures of \$70,589 and can be briefly summarized as follows:

- \$2,500 increase in miscellaneous expenses in legislative activities
- \$80,800 increase allocated to general government activities
- \$91,300 increase allocated to public safety activities
- \$2,200 decrease allocated to miscellaneous expenses in public works activities
- \$3,300 increase in recreation and cultural activities
- \$105,111 decrease in other activities
- In addition, \$584,000 in health care cost originally budgeted in the Insurance Department was reallocated to health care line items within individual departmental budgets for the final amended budget.

#### ***Capital Asset and Debt Administration***

The City of St. Joseph's investment in capital assets for its governmental and business-type activities as of June 30, 2008 amounts to \$52,193,522 (net of depreciation). This investment in capital assets includes land, buildings and improvements, furniture and equipment, library books, roads, and utility systems.

Major capital asset events during the current fiscal year included the following:

- Received \$8.2 million gift of land for the Silver Beach Make a Memory Project
- Completion of major infrastructure and reconstruction of Morton and Highland streets
- Completion of major infrastructure and reconstruction of Ship and State streets
- Completion of landscaping island and fencing project at Whittlesey Park
- Installation of parking machines at Tiscornia Park and City boat launch
- Retired the debt on City Hall in advance of debt schedule

#### **Long-Term Debt**

At the end of the current fiscal year, the City of St. Joseph had total debt outstanding of \$7,981,002. The City's total debt decreased due to payment of scheduled principal payments, as well as early retirement of City Hall debt.

State statutes limit the amount of general obligation bond debt governmental entities may issue to 10% of its total taxable valuation and the amount of general obligation installment note debt to 1.25% of its total taxable valuation, exclusive of interest. The current debt limitation for the City of St. Joseph is \$40,829,847 for bond debt and \$5,103,731 for note debt, which is significantly in excess of the City of St. Joseph's outstanding general obligation debt.

#### **Next Year's Budget and Rates**

The City of St. Joseph anticipates revenue over expenditures in the general fund will result in a \$407,000 surplus. This surplus will be transferred to the Capital Improvement to fund capital improvements planned in future years. The City plans to borrow \$1.4 million through an Installment Purchase Agreement to fund public improvements to Whirlpool Field in the form of a public park and interactive fountain. In addition, the City will borrow \$3.27 million through the State of Michigan's Drinking Water Revolving Fund loan program to pay for the construction of a new water tower.

#### **Requests for Information**

This financial report is designed to provide a general overview of the City of St. Joseph's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of St. Joseph, 700 Broad Street, St. Joseph, Michigan, 49085.

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 12, 2008

## INDEPENDENT AUDITOR'S REPORT

To the Commission  
City of St. Joseph, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of and for the year ended June 30, 2008, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of St. Joseph's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph, as of June 30, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 12, 2008, on our consideration of the City of St. Joseph's internal control over financial reporting and on its compliance with certain provisions of laws, regulations, contracts, and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

The management's discussion and analysis and budgetary comparison information on pages I through IX and page 9, are not a required part of the financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of St. Joseph's financial statements. The combining and individual nonmajor fund financial statements are presented for the purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, are fairly stated in all material respects in relation to the financial statements taken as a whole.

**Right. On time.**

*Gerbel & Company, P.C.*

**CITY OF ST. JOSEPH**  
**Statement of Net Assets**  
**June 30, 2008**

	<b>Primary Government</b>			<b>Component Units</b>
	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>	
<b>Assets</b>				
Cash	\$ 8,830,779	\$ 2,982,911	\$ 11,813,690	\$ 52,713
Investments	1,874,727	-	1,874,727	-
Receivables	594,541	603,713	1,198,254	-
Due from governmental funds	-	2,919	2,919	-
Due from fiduciary funds	49,620	-	49,620	-
Due from component units	28	-	28	-
Due from other governments	-	101,545	101,545	-
Prepaid expenses	57,000	-	57,000	-
Inventory	82,770	190,045	272,815	-
Investment-property	149,992	-	149,992	-
Capital assets (net of related depreciation):				
Nondepreciable assets:				
Land	12,088,355	613,862	12,702,217	-
Construction in progress	2,685,511	679,623	3,365,134	-
Depreciable assets:				
Buildings and improvements	10,713,979	3,826,928	14,540,907	-
Infrastructure	13,514,908	-	13,514,908	-
Land improvements	127,124	-	127,124	-
Machinery and equipment	1,897,232	750,763	2,647,995	-
Vehicles	149,914	-	149,914	-
Utility systems	-	5,145,323	5,145,323	-
<b>TOTAL ASSETS</b>	<b>\$ 52,816,480</b>	<b>\$ 14,897,632</b>	<b>\$ 67,714,112</b>	<b>\$ 52,713</b>
<b>Liabilities</b>				
Accounts payable	\$ 96,626	\$ 86,837	\$ 183,463	\$ -
Accrued liabilities	3,499	3,933	7,432	-
Accrued interest	65,437	-	65,437	-
Deferred revenue	94,851	-	94,851	-
Due to governmental funds	-	-	-	28
Due to enterprise funds	2,919	-	2,919	-
Due to other governments	10,025	601,310	611,335	-
Noncurrent liabilities:				
Due within one year	662,656	77,622	740,278	-
Due in more than one year	7,318,346	25,874	7,344,220	-
<b>Total Liabilities</b>	<b>\$ 8,254,359</b>	<b>\$ 795,576</b>	<b>\$ 9,049,935</b>	<b>\$ 28</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	\$ 34,184,339	\$ 11,016,499	\$ 45,200,838	\$ -
Restricted	900,890	-	900,890	-
Unrestricted	9,476,892	3,085,557	12,562,449	52,685
<b>TOTAL NET ASSETS</b>	<b>\$ 44,562,121</b>	<b>\$ 14,102,056</b>	<b>\$ 58,664,177</b>	<b>\$ 52,685</b>

The accompanying notes are an integral part of these financial statements.



**CITY OF ST. JOSEPH**  
**Statement of Activities**  
**For the Year Ended June 30, 2008**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government:</b>				
Governmental Activities:				
Legislative	\$ 28,166	\$ -	\$ -	\$ -
General government	3,933,053	1,135,567	10,492	-
Public safety	3,001,085	33,376	15,746	31,039
Public works	1,709,439	1,420,911	826,292	217,162
Sanitation	652,553	171,000	-	-
Health and welfare	50,537	-	-	-
Recreation and cultural	1,760,743	256,866	612,145	12,733,477
Community and economic development	535,015	405,160	-	-
Other	403,758	-	-	-
Interest on long-term debt	287,330	-	-	-
Depreciation-unallocated	1,290,603	-	-	-
Total Governmental Activities	\$ 13,652,282	\$ 3,422,880	\$ 1,464,675	\$ 12,981,678
Business-type Activities:				
Sewer Fund	\$ 1,343,775	\$ 1,304,592	\$ -	\$ -
Water Fund	3,452,558	3,416,935	-	-
Marina Fund	455,058	368,233	-	-
Total Business-type Activities	\$ 5,251,391	\$ 5,089,760	\$ -	\$ -
Total Primary Government	\$ 18,903,673	\$ 8,512,640	\$ 1,464,675	\$ 12,981,678
<b>Component Units:</b>				
Downtown Development Authority	\$ 50,736	\$ -	\$ -	\$ -
Tax Increment Finance Authority	875	-	-	-
Total Component Units	\$ 51,611	\$ -	\$ -	\$ -

**General Revenues:**

Property taxes  
State revenue sharing  
Fines, fees, and forfeits  
Interest  
Gain (loss) on sale of assets  
Other revenue

**Transfers**

Total General Revenues  
Change in Net Assets  
Net Assets - Beginning of Year  
Prior Period Adjustment - NOTE 14  
Adjusted Net Assets - Beginning of Year  
**NET ASSETS - END OF YEAR**

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Assets			
Primary Government			Component Units
Governmental Activities	Business-type Activities	Total	
\$ (28,166)	\$ -	\$ (28,166)	\$ -
(2,786,994)	-	(2,786,994)	-
(2,920,924)	-	(2,920,924)	-
754,926	-	754,926	-
(481,553)	-	(481,553)	-
(50,537)	-	(50,537)	-
11,841,745	-	11,841,745	-
(129,855)	-	(129,855)	-
(403,758)	-	(403,758)	-
(287,330)	-	(287,330)	-
(1,290,603)	-	(1,290,603)	-
<u>\$ 4,216,951</u>	<u>\$ -</u>	<u>\$ 4,216,951</u>	<u>\$ -</u>
 \$ -	 \$ (39,183)	 \$ (39,183)	 \$ -
-	(35,623)	(35,623)	-
<u>-</u>	<u>(86,825)</u>	<u>(86,825)</u>	<u>-</u>
 \$ -	 \$ (161,631)	 \$ (161,631)	 \$ -
<u>\$ 4,216,951</u>	<u>\$ (161,631)</u>	<u>\$ 4,055,320</u>	<u>\$ -</u>
 \$ -	 \$ -	 \$ -	 \$ (50,736)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(875)</u>
 \$ -	 \$ -	 \$ -	 \$ (51,611)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ 6,666,997	\$ -	\$ 6,666,997	\$ 43,254
962,894	-	962,894	-
308,631	134,376	443,007	-
413,908	116,719	530,627	3,171
(87,072)	-	(87,072)	-
1,622,839	167,317	1,790,156	-
<u>(726,603)</u>	<u>745,321</u>	<u>18,718</u>	<u>(18,718)</u>
<u>\$ 9,161,594</u>	<u>\$ 1,163,733</u>	<u>\$ 10,325,327</u>	<u>\$ 27,707</u>
<u>\$ 13,378,545</u>	<u>\$ 1,002,102</u>	<u>\$ 14,380,647</u>	<u>\$ (23,904)</u>
<u>\$ 30,800,616</u>	<u>\$ 13,099,954</u>	<u>\$ 43,900,570</u>	<u>\$ 76,589</u>
382,960	-	382,960	-
<u>\$ 31,183,576</u>	<u>\$ 13,099,954</u>	<u>\$ 44,283,530</u>	<u>\$ 76,589</u>
<u>\$ 44,562,121</u>	<u>\$ 14,102,056</u>	<u>\$ 58,664,177</u>	<u>\$ 52,685</u>

**CITY OF ST. JOSEPH  
GOVERNMENTAL FUNDS  
Balance Sheet  
June 30, 2008**

	<u>General Fund</u>	<u>Budget Stabilization Fund</u>	<u>Bluffside Project Fund</u>
<b>Assets</b>			
Current Assets:			
Cash and cash equivalents	\$ 984,884	\$ 800,000	\$ 2,897,658
Investments	299,727	1,000,000	-
Receivables	331,196	-	-
Due from other funds	35,623	-	93,192
Prepaid expense	39,000	-	-
Inventory	<u>749</u>	<u>-</u>	<u>-</u>
Total Current Assets	<u>\$ 1,691,179</u>	<u>\$ 1,800,000</u>	<u>\$ 2,990,850</u>
<b>TOTAL ASSETS</b>	<u><b>\$ 1,691,179</b></u>	<u><b>\$ 1,800,000</b></u>	<u><b>\$ 2,990,850</b></u>
<b>Liabilities and Fund Balances</b>			
Current Liabilities:			
Accounts payable	\$ 32,878	\$ -	\$ -
Due to other funds	98,127	800,000	75,000
Due to other governments	10,025	-	-
Deferred revenue	<u>13,252</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 154,282</u>	<u>\$ 800,000</u>	<u>\$ 75,000</u>
Total Liabilities	<u>\$ 154,282</u>	<u>\$ 800,000</u>	<u>\$ 75,000</u>
Fund Balances:			
Reserved for:			
Restricted purposes	\$ 39,000	\$ -	\$ -
Reserved for inventory	749	-	-
Unreserved, reported in			
General Fund	1,497,148	-	-
Special Revenue	-	1,000,000	-
Debt Service	-	-	-
Capital Projects	<u>-</u>	<u>-</u>	<u>2,915,850</u>
Total Fund Balances	<u>\$ 1,536,897</u>	<u>\$ 1,000,000</u>	<u>\$ 2,915,850</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u><b>\$ 1,691,179</b></u>	<u><b>\$ 1,800,000</b></u>	<u><b>\$ 2,990,850</b></u>

The accompanying notes are an integral part of these financial statements.

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,775,766	\$ 7,458,308
575,000	1,874,727
263,345	594,541
790,719	919,534
-	39,000
<u>42,661</u>	<u>43,410</u>
<u>\$ 4,447,491</u>	<u>\$ 10,929,520</u>
<u>\$ 4,447,491</u>	<u>\$ 10,929,520</u>
\$ 63,748	\$ 96,626
112,343	1,085,470
-	10,025
<u>81,598</u>	<u>94,850</u>
<u>\$ 257,689</u>	<u>\$ 1,286,971</u>
<u>\$ 257,689</u>	<u>\$ 1,286,971</u>
\$ 969,357	\$ 1,008,357
42,661	43,410
-	1,497,148
2,161,112	3,161,112
275,942	275,942
<u>740,730</u>	<u>3,656,580</u>
<u>\$ 4,189,802</u>	<u>\$ 9,642,549</u>
<u>\$ 4,447,491</u>	<u>\$ 10,929,520</u>

**CITY OF ST. JOSEPH**  
**Reconciliation of the Balance Sheet of Governmental Funds**  
**to the Statement of Net Assets**  
**June 30, 2008**

Fund balances of governmental funds	\$ 9,642,549
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Amounts reported for *governmental activities* in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.	40,569,621
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Long-term liabilities, including bonds payable, are not due and payable in the current period and are not reported in the funds.	(7,981,002)
--	-------------

Internal service funds are used by management to charge the cost of fleet services and employee benefits to individual funds. The assets and liabilities of internal service funds are included in governmental activities in the statement of net assets.	2,396,390
--	-----------

Governmental funds do not report accrued interest.	<u>(65,437)</u>
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Net assets of governmental activities	<u>\$ 44,562,121</u>
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**CITY OF ST. JOSEPH  
GOVERNMENTAL FUNDS  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2008**

	<u>General Fund</u>	<u>Budget Stabilization Fund</u>	<u>Bluffsides Project Fund</u>
<b>Revenues:</b>			
Taxes	\$ 4,695,425	\$ -	\$ -
Federal revenues	31,039	-	-
State revenues	974,440	-	175,472
Charges for services	1,084,260	-	-
Licenses and permits	5,018	-	-
Fines, fees, and forfeits	106,382	-	-
Special assessments	-	-	-
Contributions	-	-	12,520,675
Interest	156,822	-	22,815
Other	97,770	-	-
Total Revenues	<u>\$ 7,151,156</u>	<u>\$ -</u>	<u>\$ 12,718,962</u>
<b>Expenditures:</b>			
Current:			
Legislative	\$ 28,166	\$ -	\$ -
General government	1,268,018	-	-
Public safety	2,958,043	-	-
Public works	57,103	-	-
Recreation and cultural	928,227	-	1,582,072
Sanitation	-	-	-
Community and economic development	65,000	-	-
Health and welfare	50,537	-	-
Other	403,758	-	-
Debt service:			
Principal retirement	523,377	-	-
Interest	6,543	-	-
Capital outlay	-	-	8,280,000
Total Expenditures	<u>\$ 6,288,772</u>	<u>\$ -</u>	<u>\$ 9,862,072</u>
Revenues Over (Under) Expenditures	<u>\$ 862,384</u>	<u>\$ -</u>	<u>\$ 2,856,890</u>
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	42,100	-	-
Operating transfers out	(697,100)	-	-
Total Other Financing Sources (Uses)	<u>\$ (655,000)</u>	<u>\$ -</u>	<u>\$ -</u>
Net Changes in Fund Balance	\$ 207,384	\$ -	\$ 2,856,890
Fund Balances - Beginning of year	<u>1,329,513</u>	<u>1,000,000</u>	<u>58,960</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,536,897</u>	<u>\$ 1,000,000</u>	<u>\$ 2,915,850</u>

The accompanying notes are an integral part of these financial statements.

<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 1,971,572	\$ 6,666,997
193,162	224,201
864,833	2,014,745
665,977	1,750,237
269,579	274,597
556,077	662,459
5,609	5,609
649,626	13,170,301
182,184	361,821
<u>42,287</u>	<u>140,057</u>
<b>\$ 5,400,906</b>	<b>\$ 25,271,024</b>

\$ -	\$ 28,166
348,093	1,616,111
5,569	2,963,612
2,623,542	2,680,645
835,745	3,346,044
656,717	656,717
470,015	535,015
-	50,537
-	403,758
369,399	892,776
280,787	287,330
<u>1,052,329</u>	<u>9,332,329</u>

**\$ 6,642,196    \$ 22,793,040**

**\$ (1,241,290)    \$ 2,477,984**

\$ 226,419    \$ 226,419  
2,942,017    2,984,117  
(3,013,620)    (3,710,720)

**\$ 154,816    \$ (500,184)**

**\$ (1,086,474)    \$ 1,977,800**

**5,276,276    7,664,749**

**\$ 4,189,802    \$ 9,642,549**

**CITY OF ST. JOSEPH**  
**Reconciliation of the Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances of Governmental Funds**  
**to the Statement of Activities**  
**Year Ended June 30, 2008**

Net change in fund balances - total governmental funds \$ 1,977,800

Amounts reported for *governmental activities* in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlays	\$ 11,897,187	
Depreciation expense	<u>(1,115,460)</u>	10,781,727

Governmental funds report repayment of principal on long-term liabilities as expenditures; however, they are reported as a reduction of the liability in the statement of net assets and have no effect on the statement of activities. 892,776

In the statement of activities, only the loss on the sale of assets is reported whereas in the governmental funds the proceeds from the sale increase financial resources. Thus, the change in net assets differs from the change in fund balance by the net book value of the assets sold. (252,740)

Governmental funds report internal service funds with the proprietary funds whereas in the government-wide statements internal service funds are included as a governmental fund. Thus the change in net assets of the internal services funds are a reconciling item. 5,310

Increase in the liability for compensated absences is not reported in governmental funds. (26,328)

Changes in net assets of governmental activities \$ 13,378,545



**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
Taxes	\$ 4,669,800	\$ 4,688,800	\$ 4,695,425	\$ 6,625
Federal revenues	-	31,000	31,039	39
State revenues	901,200	976,500	974,440	(2,060)
Charges for services	1,046,800	1,070,400	1,084,260	13,860
Licenses and permits	4,600	4,600	5,018	418
Fines, fees, and forfeits	90,300	99,500	106,382	6,882
Interest	125,000	150,000	156,822	6,822
Other	46,000	95,100	97,770	2,670
Total Revenues	<u>\$ 6,883,700</u>	<u>\$ 7,115,900</u>	<u>\$ 7,151,156</u>	<u>\$ 35,256</u>
<b>Expenditures:</b>				
Current:				
Legislative	\$ 28,000	\$ 30,500	\$ 28,166	\$ 2,334
General government	1,174,000	1,328,800	1,268,018	60,782
Public safety	2,509,900	3,008,700	2,958,043	50,657
Public works	49,700	60,900	57,103	3,797
Recreation and cultural	835,000	927,600	928,227	(627)
Economic development	65,000	65,000	65,000	-
Health and welfare	50,600	50,600	50,537	63
Other	1,022,200	411,100	403,758	7,342
Debt service:				
Principal retirement	262,400	523,400	523,377	23
Interest	16,300	6,600	6,543	57
Total Expenditures	<u>\$ 6,013,100</u>	<u>\$ 6,413,200</u>	<u>\$ 6,288,772</u>	<u>\$ 124,428</u>
Revenues Over Expenditures	<u>\$ 870,600</u>	<u>\$ 702,700</u>	<u>\$ 862,384</u>	<u>\$ 159,684</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ -	\$ 42,100	\$ 42,100	\$ -
Operating transfers out	(1,026,611)	(697,100)	(697,100)	-
Total Other Financing Sources (Uses)	<u>\$ (1,026,611)</u>	<u>\$ (655,000)</u>	<u>\$ (655,000)</u>	<u>\$ -</u>
Net Change in Fund Balances	<u>\$ (156,011)</u>	<u>\$ 47,700</u>	<u>\$ 207,384</u>	<u>\$ 159,684</u>
Fund Balances - Beginning of Year	<u>1,329,513</u>	<u>1,329,513</u>	<u>1,329,513</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 1,173,502</u>	<u>\$ 1,377,213</u>	<u>\$ 1,536,897</u>	<u>\$ 159,684</u>

**CITY OF ST. JOSEPH  
BUDGET STABILIZATION FUND  
Statement of Revenues, Expenditures, and  
Changes in Fund Balances - Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
				<u>Positive</u>
				<u>(Negative)</u>
<b>Revenues:</b>				
State revenues	\$ -	\$ -	\$ -	\$ -
Interest	-	-	-	-
<b>Total Revenues</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Expenditures:</b>				
Public works	\$ -	\$ -	\$ -	\$ -
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Revenues Over (Under) Expenditures</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Other Financing Sources (Uses):</b>				
Operating transfers in	\$ -	\$ -	\$ -	\$ -
Operating transfers out	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Net Change in Fund Balances</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
<b>Fund Balances - Beginning of Year</b>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ 1,000,000</u>	<u>\$ -</u>

**CITY OF ST. JOSEPH  
PROPRIETARY FUNDS  
Statement of Net Assets  
June 30, 2008**

	<b><u>Business - Type Activities -</u></b>	
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>
<b>Assets</b>		
Current Assets:		
Cash and cash equivalents	\$ 415,586	\$ 1,915,758
Receivables	360,500	243,213
Due from other funds	-	2,919
Due from other governments	57,935	43,610
Prepaid expense	-	-
Inventory	<u>418</u>	<u>169,067</u>
Total Current Assets	<u>\$ 834,439</u>	<u>\$ 2,374,567</u>
Noncurrent Assets:		
Land	\$ -	\$ 609,073
Construction in process	241,504	429,224
Property, plant, and improvements	1,680,825	14,021,396
Furniture and equipment	120,252	1,085,697
Accumulated depreciation	<u>(322,923)</u>	<u>(7,717,241)</u>
Total Noncurrent Assets	<u>\$ 1,719,658</u>	<u>\$ 8,428,149</u>
TOTAL ASSETS	<u>\$ 2,554,097</u>	<u>\$ 10,802,716</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ 61,725	\$ 24,354
Accrued liabilities	19,707	80,416
Due to other governments	<u>513,768</u>	<u>87,542</u>
Total Current Liabilities	<u>\$ 595,200</u>	<u>\$ 192,312</u>
Total Liabilities	<u>\$ 595,200</u>	<u>\$ 192,312</u>
<b>Net Assets</b>		
Invested in capital assets, net of related debt	\$ 1,719,658	\$ 8,428,149
Restricted for employee benefits	-	-
Unrestricted	<u>239,239</u>	<u>2,182,255</u>
TOTAL NET ASSETS	<u>\$ 1,958,897</u>	<u>\$ 10,610,404</u>

The accompanying notes are an integral part of these financial statements.

**Enterprise Funds**

<b>Marina Fund</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 651,567	\$ 2,982,911	\$ 1,372,471
-	603,713	-
-	2,919	212,665
-	101,545	-
-	-	18,000
<u>20,560</u>	<u>190,045</u>	<u>39,360</u>
 \$ 672,127	 \$ 3,881,133	 \$ 1,642,496
 \$ 4,789	 \$ 613,862	 \$ -
8,895	679,623	-
2,049,360	17,751,581	-
172,554	1,378,503	3,183,597
<u>(1,366,906)</u>	<u>(9,407,070)</u>	<u>(2,426,204)</u>
 \$ 868,692	 \$ 11,016,499	 \$ 757,393
 \$ 1,540,819	 \$ 14,897,632	 \$ 2,399,889
 \$ 758	 \$ 86,837	 \$ -
7,306	107,429	3,499
<u>-</u>	<u>601,310</u>	<u>-</u>
 \$ 8,064	 \$ 795,576	 \$ 3,499
 \$ 8,064	 \$ 795,576	 \$ 3,499
 \$ 868,692	 \$ 11,016,499	 \$ 757,393
-	-	861,890
<u>664,063</u>	<u>3,085,557</u>	<u>777,107</u>
 \$ 1,532,755	 \$ 14,102,056	 \$ 2,396,390

**CITY OF ST. JOSEPH  
PROPRIETARY FUNDS  
Statement of Revenues, Expenses, and  
Changes in Net Assets  
For the Year Ended June 30, 2008**

	<b>Business - Type Activities -</b>	
	<b><u>Sewer Fund</u></b>	<b><u>Water Fund</u></b>
<b>Operating Revenues:</b>		
Charges for services	\$ 1,304,592	\$ 3,416,935
Fines, fees, and forfeits	41,452	92,924
Fuel sales	-	-
Other	2,092	5,154
	<u>1,348,136</u>	<u>3,515,013</u>
Total Operating Revenues	\$ 1,348,136	\$ 3,515,013
<b>Operating Expenses:</b>		
Water distribution system	\$ -	\$ 1,061,194
Water plant operations	-	1,434,102
Water administration	-	674,498
Sewer	1,317,500	-
Marina	-	-
Operations	-	-
Depreciation	26,275	282,764
	<u>1,343,775</u>	<u>3,452,558</u>
Total Operating Expenses	\$ 1,343,775	\$ 3,452,558
Operating Income (Loss)	\$ 4,361	\$ 62,455
<b>Nonoperating Revenues (Expenses):</b>		
Interest income	\$ 19,864	\$ 74,737
Gain (loss) on disposition of assets	-	-
	<u>19,864</u>	<u>74,737</u>
Total Nonoperating Revenues	\$ 19,864	\$ 74,737
Income Before Transfers	\$ 24,225	\$ 137,192
<b>Other Financing Sources (Uses):</b>		
Operating transfers in	\$ 488,272	\$ 317,049
Operating transfers out	(60,000)	-
	<u>428,272</u>	<u>317,049</u>
Total Other Financing Sources (Uses)	\$ 428,272	\$ 317,049
Change in Net Assets	\$ 452,497	\$ 454,241
Total Net Assets - Beginning of Year	<u>1,506,400</u>	<u>10,156,163</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 1,958,897</u>	<u>\$ 10,610,404</u>

The accompanying notes are an integral part of these financial statements.

**Enterprise Funds**

<b>Marina Fund</b>	<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Funds</b>
\$ 368,233	\$ 5,089,760	\$ 920,911
-	134,376	-
160,071	160,071	-
-	7,246	1,673,390
<u>\$ 528,304</u>	<u>\$ 5,391,453</u>	<u>\$ 2,594,301</u>
\$ -	\$ 1,061,194	\$ -
-	1,434,102	-
-	674,498	-
-	1,317,500	-
420,252	420,252	-
-	-	2,452,114
34,806	343,845	175,143
<u>\$ 455,058</u>	<u>\$ 5,251,391</u>	<u>\$ 2,627,257</u>
\$ 73,246	\$ 140,062	\$ (32,956)
\$ 22,118	\$ 116,719	\$ 52,086
-	-	(13,820)
<u>\$ 22,118</u>	<u>\$ 116,719</u>	<u>\$ 38,266</u>
\$ 95,364	\$ 256,781	\$ 5,310
\$ -	\$ 805,321	\$ -
-	(60,000)	-
<u>\$ -</u>	<u>\$ 745,321</u>	<u>\$ -</u>
\$ 95,364	\$ 1,002,102	\$ 5,310
1,437,391	13,099,954	2,391,080
<u>\$ 1,532,755</u>	<u>\$ 14,102,056</u>	<u>\$ 2,396,390</u>

**CITY OF ST. JOSEPH  
PROPRIETARY FUNDS  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2008**

	<b>Business - Type Activities -</b>	
	<b>Sewer Fund</b>	<b>Water Fund</b>
<b>Cash Flows From Operating Activities:</b>		
Cash receipts for interfund services provided	\$ -	\$ -
Cash receipts from customers	1,337,255	3,505,797
Other receipts	2,092	5,154
Receipts from other funds	7,593	-
Other payments	-	(1,639)
Payments to other funds	-	(28,219)
Payments to employees	(124,868)	(1,135,650)
Payments for interfund services provided	(29,700)	(678,195)
Payments to other funds	(2,700)	-
Payments to suppliers	(1,016,079)	(1,398,215)
Net cash provided (used) by operating activities	\$ 173,593	\$ 269,033
<b>Cash Flows From Noncapital Financing Activities:</b>		
Transfer from other funds	\$ 488,272	\$ 317,049
Transfer to other funds	(60,000)	-
Net cash provided (used) by noncapital financing activities	\$ 428,272	\$ 317,049
<b>Cash Flows From Capital and Related Financing Activities:</b>		
Purchase of capital assets	\$ (672,321)	\$ (631,095)
Proceeds from sale of capital assets	-	-
Net cash provided (used) by capital and related financing activities	\$ (672,321)	\$ (631,095)
<b>Cash Flows From Investing Activities:</b>		
Sale (purchase) of securities	\$ -	\$ -
Interest and dividends received	19,864	74,737
Net cash provided (used) by investing activities	\$ 19,864	\$ 74,737
Net increase (decrease) in cash and cash equivalents	\$ (50,592)	\$ 29,724
Balances - Beginning of Year	466,178	1,886,034
BALANCES - END OF YEAR	\$ 415,586	\$ 1,915,758

The accompanying notes are an integral part of these financial statements.

<u>Enterprise Funds</u>		<u>Governmental Activities</u>	
<u>Marina Fund</u>	<u>Total Enterprise Funds</u>	<u>Internal Service Funds</u>	
\$ -	\$ -	\$ 2,186,405	
528,304	5,371,356	152,421	
-	7,246	324,262	
-	7,593	-	
(17,417)	(19,056)	(2,828)	
-	(28,219)	-	
(111,744)	(1,372,262)	(194,491)	
-	(707,895)	(7,500)	
-	(2,700)	(200,000)	
<u>(286,333)</u>	<u>(2,700,627)</u>	<u>(2,274,195)</u>	
<u>\$ 112,810</u>	<u>\$ 555,436</u>	<u>\$ (15,926)</u>	
 \$ -	 \$ 805,321	 \$ -	
<u>-</u>	<u>(60,000)</u>	<u>-</u>	
 \$ -	 \$ 745,321	 \$ -	
 \$ (8,895)	 \$ (1,312,311)	 \$ (208,103)	
<u>-</u>	<u>-</u>	<u>23,500</u>	
 \$ (8,895)	 \$ (1,312,311)	 \$ (184,603)	
 \$ -	 \$ -	 \$ 202,352	
<u>22,118</u>	<u>116,719</u>	<u>52,086</u>	
 \$ 22,118	 \$ 116,719	 \$ 254,438	
 \$ 126,033	 \$ 105,165	 \$ 53,909	
<u>525,534</u>	<u>2,877,746</u>	<u>1,318,562</u>	
 \$ 651,567	 \$ 2,982,911	 \$ 1,372,471	



**CITY OF ST. JOSEPH  
PROPRIETARY FUNDS  
Combining Statement of Cash Flows - Continued  
For the Year Ended June 30, 2008**

	<u><b>Business - Type Activities -</b></u>	
	<u><b>Sewer Fund</b></u>	<u><b>Water Fund</b></u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>		
Operating income (loss)	\$ 4,361	\$ 62,455
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Deprecation expense	\$ 26,275	\$ 282,764
(Increase) decrease in:		
Accounts receivable	(14,957)	(13,607)
Due from other funds	7,593	(2,919)
Due from other governments	6,168	9,546
Prepaid expenses	-	-
Inventories	155	(58,016)
Increase (decrease) in:		
Accounts payable	4,024	(1,495)
Accrued liabilities	7,755	13,932
Due to other funds	(2,700)	(25,300)
Due to other governments	134,919	1,673
<b>Total Adjustments</b>	<u>\$ 169,232</u>	<u>\$ 206,578</u>
<b>Net cash provided (used) by operating activities</b>	<u>\$ 173,593</u>	<u>\$ 269,033</u>

The accompanying notes are an integral part of these financial statements.

**Enterprise Funds**

<b><u>Marina Fund</u></b>	<b><u>Total Enterprise Funds</u></b>	<b><u>Governmental Activities Internal Service Funds</u></b>
\$ 73,246	\$ 140,062	\$ (32,956)
\$ 34,806	\$ 343,845	\$ 175,143
-	(28,564)	3,975
-	4,674	(135,189)
-	15,714	-
-	-	(18,000)
766	(57,095)	(9,498)
758	3,287	-
3,275	24,962	599
-	(28,000)	-
<u>(41)</u>	<u>136,551</u>	<u>-</u>
\$ 39,564	\$ 415,374	\$ 17,030
<u>\$ 112,810</u>	<u>\$ 555,436</u>	<u>\$ (15,926)</u>

**CITY OF ST. JOSEPH  
FIDUCIARY FUNDS  
Statement of Net Assets  
June 30, 2008**

	<b><u>Pension and Other Employee Benefits</u></b>	<b><u>Agency Funds</u></b>
<b>Assets</b>		
Cash and cash equivalents	\$ 184,948	\$ 49,397
Receivables:		
Interest receivable	\$ 143,450	\$ -
Due from employer	17,392	-
Due from other funds	3,247	-
Due from other governments	<u>-</u>	<u>3,305</u>
Total Receivables	\$ 164,089	\$ 3,305
Investments at fair value:		
Stock	\$ 29,389,425	\$ -
Bonds	8,083,917	-
Government obligations	10,427,287	-
Other	<u>2,474,594</u>	<u>-</u>
Total Investments	\$ 50,375,223	\$ -
Total Assets	\$ 50,724,260	\$ 52,702
<b>Liabilities</b>		
Accounts payable	\$ -	\$ 107
Due to employees	3,829	-
Due to other funds	<u>273</u>	<u>52,595</u>
Total Liabilities	\$ 4,102	\$ 52,702
<b>Net Assets</b>		
Held in trust for pension benefits and other purposes	<u>\$ 50,720,158</u>	<u>\$ -</u>

**CITY OF ST. JOSEPH  
FIDUCIARY FUNDS  
Statement of Changes in Net Assets  
For the Year Ended June 30, 2008**

	<b>Pension and Other Employee Benefits</b>
<b>Additions</b>	
Contributions:	
Plan members	\$ 306,929
Employers	<u>223,575</u>
Total Contributions	<u>\$ 530,504</u>
Investment Earnings:	
Interest and dividends	\$ 2,218,555
Miscellaneous	<u>50,286</u>
Total Investment Earnings	\$ 2,268,841
Less investment expense	<u>(212,332)</u>
Net Investment Earnings	<u>\$ 2,056,509</u>
Total Additions	<u>\$ 2,587,013</u>
<b>Deductions</b>	
Net decrease, FMV investments	\$ 5,040,456
Benefits	1,829,939
Refunds of contributions	46,135
Administrative expense	<u>15,941</u>
Total Deductions	<u>\$ 6,932,471</u>
Income (Loss)	<u>\$ (4,345,458)</u>
Change in Net Assets	\$ (4,345,458)
Net Assets - Beginning of Year	<u>55,065,616</u>
NET ASSETS - END OF YEAR	<u>\$ 50,720,158</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The City of St. Joseph adopted its city charter on July 31, 1928 and operates under a council-manager form of government. Services provided for its citizens include: public safety (fire and police), water-sewer services, highways and streets, rubbish and trash disposal, planning and zoning, public improvements, culture, recreation and general administrative services.

The financial statements of the City of St. Joseph are prepared in accordance with accounting principles generally accepted in the United States of America. The City's reporting entity applies all relevant Governmental Accounting Standards Board (GASB) pronouncements. Proprietary funds apply Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements, in which case, GASB prevails.

**A. Scope of Reporting Entity**

The accompanying financial statements present the City's primary government and component units over which the City exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the City (as distinct from legal relationships). Copies of component unit reports may be obtained from the City's Finance Department.

In accordance with the provisions of the Governmental Accounting Standards Board, the financial statements of the City of St. Joseph contain all of the City funds, account groups and authorities that are controlled by or dependent on the City's executive or legislative branches. Control by or dependence on the City was determined on the basis of appointment or governing authority, budget adoption, taxing authority, outstanding debt secured by revenues or general obligations of the City, obligation of the City to finance any deficits that may occur, receipt of significant subsidies from the City, disposition of surplus funds, and scope of public service.

Based on the foregoing criteria, the following organizations are included in the City's financial statements as discretely presented component units for the reasons stated.

**City of St. Joseph Tax Increment Finance Authority and  
City of St. Joseph Downtown Development Authority:**

- City appoints governing board
- City approves budget of Authority
- City must approve any tax levy of the Authority
- Surplus funds existing at termination of Authority vest to the City

The following organization is not part of the City of St. Joseph and is excluded from the accompanying financial statements for the reasons stated.

**City of St. Joseph Housing Commission**

Authoritative interpretations of Governmental Accounting Standards Board Statements exclude public housing commissions from the reporting entity. The financial statements of the St. Joseph Housing Commission are separately audited for their fiscal year ending March 31, 2008.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**A. Scope of Reporting Entity - Continued**

**Joint Venture - Southwest Michigan Regional Airport Authority**

In 1944, the Cities of Benton Harbor and St. Joseph, Michigan entered into a joint venture to form the Southwest Michigan Regional Airport Board. The purpose of the Board was to control and manage the Southwest Michigan Regional Airport. Title of the lands upon which the airport and aviation facilities are located are held by the Cities of Benton Harbor and St. Joseph as follows: an undivided 27/43 interest in the City of Benton Harbor and an undivided 16/43 interest in the City of St. Joseph.

In 1997 the Southwest Michigan Regional Airport Authority was created to take over control and management of the airport. The Authority is made up of the cities of Benton Harbor and St. Joseph and the Charter Townships of St. Joseph and Lincoln. Each member of the Authority appoints one person to the board and supports the airport through a millage of .25 mills. Ownership of airport assets prior to creation of the Authority remains with the cities of St. Joseph and Benton Harbor. The Authority assumed control of the airport on August 1, 1998.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Southwest Michigan Regional Airport Authority are not included within the body of the financial statements of the City of St. Joseph. Financial statements are available from the Southwest Michigan Regional Airport Authority. The following is audited summary financial information on the Southwest Michigan Regional Airport Authority as of and for the year June 30, 2008, with a report thereto dated July 15, 2008.

Assets	\$ 2,627,289	Operating revenues	\$ 1,795,777
Liabilities	430,279	Operating expenses	1,669,097
Equity	2,197,010	Nonoperating income	56,019
		Net income	182,699

**Joint Venture - Benton Harbor - St. Joseph Joint Wastewater Treatment Board**

In 1951, the Cities of Benton Harbor and St. Joseph, Michigan entered into a joint venture to form the Benton Harbor - St. Joseph Joint Wastewater Treatment Board. The purpose of the Board is to control and manage the Joint Wastewater Treatment Plant. Title of the land upon which the plant is located and the facility itself is held as equal, undivided interests by the City of Benton Harbor and the City of St. Joseph.

The administrative board consists of six appointed members and the City Managers of Benton Harbor and St. Joseph. Two members are appointed by Benton Harbor, two members are appointed by St. Joseph, one member is appointed by Benton Charter Township and one member is appointed by the Lake Michigan Shoreline Water and Sewage Treatment Authority.

In accordance with Statement on Michigan Governmental Accounting and Auditing No. 5, the financial statements of the Benton Harbor - St. Joseph Joint Wastewater Treatment Board are not included within the body of the financial statements of the City of St. Joseph. Financial statements are available from the Benton Harbor - St. Joseph Joint Wastewater Treatment Plant. The following is audited summary financial information on the Benton Harbor - St. Joseph Joint Wastewater Treatment Board as of and for the year ended June 30, 2008, with a report thereto dated August 21, 2008.

Assets	\$ 22,755,455
Liabilities	1,469,928
Net assets	21,285,527
Operating revenues	4,579,498
Operating expenses	3,371,056
Nonoperating revenues	176,470
Net earnings	1,384,912

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**B. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e. the statements of net assets and the statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government of the City of St. Joseph and its component units. For the most part, the effect of interfund activities has been removed from these statements. Governmental activities, which are normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for services. The primary government of the City of St. Joseph is reported separately from certain legally separate component units for which the City of St. Joseph, the primary government, is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement Focus, Basis of Accounting, and Financial Statements**

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. In the individual fund statements and schedules, the proprietary funds and fiduciary fund financial statements are also reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenues as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. The City of St. Joseph considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures and compensated absences, and claims and judgments are recorded only when payment is due.

Property taxes, franchise fees, licenses and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the City of St. Joseph.

The City of St. Joseph reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Budget Stabilization Fund** is used to account for monies held in reserve to be expended only in the event of a general fund deficit or to cover expenses arising from a natural disaster.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued**

**Bluffside Project Fund** – This fund is used to account for financial resources to be used for the construction and administration of the bluffside project.

The City of St. Joseph reports the following enterprise funds:

The **Water Fund** accounts for the activities related to water production, purification, distribution and billing.

The **Sewer Fund** accounts for the sanitary collections system and pays for the treatment of wastewater.

The **Marina Fund** accounts for operations of the municipal marina.

Additionally, the City of St. Joseph reports the following fund types:

**Internal Service Funds** are used to account for fleet maintenance, workers compensation, unemployment, health insurance, and other employee benefits provided to other departments on a cost reimbursement basis.

**Pension and Other Employee Benefits Funds** account for the activities of the St. Joseph Employees' Retirement System, which accumulates resources for pension benefit payments to qualified City employees. The funds also account for the activities of the Section 125 Plan the City offers to qualified employees.

**Agency Funds** are used to account for assets held by the City as an agent for individuals, organizations, other governmental units, or other funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City of St. Joseph has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this rule are charges between the Water Fund, Sewer Fund, and the Marina Fund and other functions and segments. Elimination of these charges would distort the direct costs and program revenues for the functions concerned.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. All taxes are reported as general taxes.



**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**C. Measurement Focus, Basis of Accounting, and Financial Statements - Continued**

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principle ongoing operations. Operating expense for enterprise funds and internal service funds includes the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City of St. Joseph's policy to use restricted resources first. Unrestricted resources are used as they are needed.

**D. Budgets and Budgetary Accounting**

Under the City Charter, the following budget procedures must be followed:

1. The fiscal year shall begin on July 1 and end on June 30 of each year.
2. At an April meeting, the City Manager shall submit to the City Commission a proposed operating budget.
3. A public hearing must be held before the budget is adopted.
4. The City Commission must adopt the budget by resolution prior to June 30.

Formal budgetary integration is employed as a management control device for all funds except the Agency Fund, Permanent Funds, and Pension Trust Funds. The budgets are adopted on a basis consistent with accounting principles generally accepted in the United States of America. Annual appropriation budgets are adopted for the General, Special Revenue, Enterprise and Internal Service Funds. All annual appropriations lapse at fiscal year-end. In addition, the City Commission approves budgets for two component units: the Lakefront TIFA and the Downtown Development Authority.

Michigan Public Act 621 governs adoption and amendment of all budgets used by the City. The City was in compliance with Public Act 621 in fiscal year 2007-2008. Any amendments to the original budget must meet the requirements of Public Act 621. The City Commission must approve any revisions that alter the total expenditures of any fund. The budget for the General Fund is adopted at the department level. All other budgets are approved at the fund level. The City Commission must approve any revision that alters the total expenditures above the legal level. For management purposes, the City develops a more detailed budget. The City Manager, or his designee, is authorized to transfer budgeted amounts within these functional areas.

Budgeted amounts are as originally adopted or as amended by the City Commission on June 23, 2008.

**E. Encumbrances**

Encumbrances represent commitments to unperformed contracts for goods and services. Encumbrances outstanding at year-end lapse and are generally reappropriated as part of the following year's budget.

**F. Receivables**

Receivables have been recognized for all significant amounts due the City. No allowances have been made for uncollectible amounts because, if they remain unpaid, most delinquent receivables can be added to the tax roll and become a lien against the property.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**G. Inventories and Prepaid Items**

Inventories are valued at the lower of cost (first-in, first-out) or market. Inventories of governmental funds are reported as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. streets, bridges, and sidewalks), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the City of St. Joseph as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years.

All capital assets are valued at historical cost or estimated historical cost if actual cost is not available. Donated capital assets are recorded at estimated fair market value on the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the assets or materially extend asset lives are not capitalized.

Depreciation of all exhaustible capital assets used is charged as an expense against their operations in government-wide statements and all proprietary financial statements. Accumulated depreciation is reported on government-wide and proprietary statements of net assets. The straight-line depreciation method is applied over the estimated useful life of fixed assets.

The straight-line depreciation method is used for all depreciable capital assets. The estimated useful lives for capital assets are displayed in the table below:

<u>Asset Class</u>	<u>Depreciable Life</u>
Land	N/A
Buildings and Improvements	20-50 years
Equipment	5-15 years
Vehicles	5-30 years
Utility Systems	10-60 years
Infrastructure	25-60 years
Library Books	5-10 years

**I. Long-Term Liabilities**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities and business-type activities or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using straight-line amortization. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**I. Long-Term Liabilities - Continued**

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources. Bond discounts are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt received, are reported as debt service.

**J. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires the use of estimates and assumptions that affect the reporting of certain assets, liabilities, revenues, and expenditures. Actual results may differ from estimated amounts.

**K. Property Taxes**

City property taxes are assessed as of December 31 and attached as an enforceable lien on property as of July 1 of the following year. The taxes are due without penalty on or before September 15. Real property taxes not collected as of March 1 are turned over to Berrien County for collection. The County advances the City 100% of the delinquent taxes on real property. The City Treasurer is responsible for collecting delinquent personal property taxes, delinquent industrial facilities taxes, and delinquent commercial facilities property taxes. The City recognizes property taxes as revenue when they are levied on July 1 because at that point the taxes are both measurable and available.

The City acts as a collection agent for Berrien County, Lake Michigan College, Southwest Michigan Regional Airport Authority, St. Joseph Public Schools, Benton Harbor Public Schools, and Berrien County Intermediate School District property taxes. Taxes collected on behalf of other units are remitted to the units following collection. The tax collections are received and distributed from an agency fund, the Treasurer's Tax Fund.

The City collects a 1% property tax administration fee.

**L. Compensated Absences**

Sick leave is paid upon illness while in the employment of the City or upon retirement as limited by various employment contracts and agreements. Earned vacation time can be accrued up to a maximum of one and one-half times the employee's annual leave. Earned vacation time is paid upon termination. Accumulated unpaid sick and vacation pay is accrued when incurred in the government-wide financial statements and in proprietary fund financial statements. Governmental funds record a liability only if they have matured as a result of employee resignations or retirements.

**M. Deferred Revenue**

Deferred revenue represents monies that do not yet meet the criteria for revenue recognition. Unearned amounts are always reported as deferred revenue. In governmental funds, earned amounts are also reported as deferred revenue until they are available to liquidate liabilities of the current period.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - DEPOSITS AND INVESTMENTS**

The City of St. Joseph operates common checking accounts for several of the operating funds. Each fund's share of the cash balance is reported separately. Surplus funds are invested throughout the year. The City allocates interest earnings to the participating funds in relation to the average cash balance of each fund. Investments are carried at cost as declines in fair values are considered temporary except for investments where the term is for more than twelve months or in the case of mutual funds. Investments in long-term investments (i.e. more than twelve months) and mutual funds are recorded at fair value.

**A. Deposits**

Following an Attorney General Opinion, the City restricts its deposits to banks, savings and loan associations or credit unions having their principal office in the State of Michigan.

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The City's policy for custodial credit risk is to minimize the risk by using those financial institutions meeting specific qualifications. As of June 30, 2008, \$12,482,317 of the government's bank balance of \$12,682,317 was exposed to custodial credit risk.

At year-end, the deposits consisted of the following components:

	<b>Carrying Amount</b>			
	<b><u>Primary</u></b>	<b><u>Component</u></b>	<b><u>Fiduciary</u></b>	<b><u>Total</u></b>
	<b><u>Government</u></b>	<b><u>Units</u></b>	<b><u>Funds</u></b>	
Bank deposits	\$ 12,395,259	\$ 52,713	\$ 234,345	\$ 12,682,317
Imprest cash	<u>1,850</u>	<u>-</u>	<u>-</u>	<u>1,850</u>
<b>Total Deposits</b>	<b><u>\$ 12,397,109</u></b>	<b><u>\$ 52,713</u></b>	<b><u>\$ 234,345</u></b>	<b><u>\$ 12,684,167</u></b>
 Cash and cash equivalents as reported in statements	 <u>\$ 11,813,690</u>	 <u>\$ 52,713</u>	 <u>\$ 234,345</u>	 <u>\$ 12,100,748</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - DEPOSITS AND INVESTMENTS - Continued**

**A. Deposits - Continued**

	<u>Carrying Amount</u>	<u>Bank Balances</u>
<b>Primary Government</b>		
Amount insured by the FDIC	\$ 195,471	\$ 194,003
Uncollateralized and uninsured	<u>11,618,219</u>	<u>12,201,256</u>
Total Primary Government	<u>\$ 11,813,690</u>	<u>\$ 12,395,259</u>
<b>Component Units</b>		
Amount insured by the FDIC	\$ 831	\$ 788
Uncollateralized and uninsured	<u>51,882</u>	<u>51,925</u>
Total Component Units	<u>\$ 52,713</u>	<u>\$ 52,713</u>
<b>Fiduciary Funds</b>		
Amount insured by the FDIC	\$ 3,698	\$ 5,209
Uncollateralized and uninsured	<u>230,647</u>	<u>299,136</u>
Total Fiduciary Funds	<u>\$ 234,345</u>	<u>\$ 304,345</u>
<b>Total Reporting Entity</b>		
Amount insured by the FDIC	\$ 200,000	\$ 200,000
Uncollateralized and uninsured	<u>11,900,748</u>	<u>12,482,317</u>
Total Reporting Entity	<u>\$ 12,100,748</u>	<u>\$ 12,682,317</u>

**B. Investments**

It is the policy of the City Commission of the City of St. Joseph to invest its funds in a manner that will provide the highest investment return, with the maximum security, while meeting the daily cash flow needs of the City, and complying with all state statutes governing the investment of public funds.

The City retirement system has investments in a bank-administered trust account. Investments are carried at fair market value. Act 314, PA 1965, as amended by Act 31, PA 1980, and Act 55, PA 1982, authorizes the City to invest in a wide variety of investments including: stocks, bonds, certificates of deposit, real estate, annuity contracts, obligations of a specified nature, and real or personal property. Specific limitations apply to the various investment types. The City's investments are in accordance with statutory authority. All highly liquid investments (including restricted assets) with a maturity of three months or less when purchased are defined as cash equivalents. All investments for both the primary government and all the component units are reported at fair value.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 2 - DEPOSITS AND INVESTMENTS - Continued**

**B. Investments - Continued**

	<b><u>Market Value</u></b>
<b>Primary Government</b>	
Cash and equivalents	\$ 1,874,727
 Total Primary Government	 \$ 1,874,727
 <b>Fiduciary Funds</b>	
Cash and equivalents	\$ 2,474,594
T - bonds	10,427,287
Corporate bonds	7,984,306
Foreign bonds	99,611
Common stock	29,389,425
 Total Fiduciary Funds	 \$ 50,375,223
 Total Reporting Entity	 \$ 52,249,950

The primary government's \$1,874,727 of investments is invested in a long-term certificate of deposit.

**NOTE 3 - PENSION PLAN**

**A. Plan Description**

The City sponsors and administers the City of St. Joseph Employees' Retirement System, a cost-sharing multiple-employer public employee retirement system (PERS). The system covers substantially all full-time employees of the City, as well as all full-time employees of the Benton Harbor-St. Joseph Joint Wastewater Treatment Plant. The PERS is accounted for as a separate Pension Trust Fund and is included as part of the City's reporting entity.

**B. Basis of Accounting**

The system uses the accrual method of accounting. Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to each plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan.

**C. Method Used to Value Investments**

Investments are reported at fair value. Short-term investments are recorded at cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 3 - PENSION PLAN - Continued**

**D. Contributions**

Employees of the City are required to contribute to the pension plan as follows:

General - 4.0% of annual compensation  
Communication Specialists - 6.5% of annual compensation  
Police - 6.5% of annual compensation  
Fire - 6.5% of annual compensation  
Public Works - 3.25% of annual compensation

The City makes periodic contributions to the pension plan based upon recommendations of the actuary and the board of trustees of the retirement system with approval by the City Commission.

**E. Other Post-Retirement Benefit Obligations**

In addition to providing benefits, the City provides certain health insurance benefits for retired employees under provisions of applicable salary plans or union contracts. The City pays nearly all of the premiums. Substantially all employees may become eligible for these benefits through age and service.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 4 - CAPITAL ASSETS**

Capital assets activities for the year ended June 30, 2008 were as follows:

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance June 30, 2008</u>
<b>Governmental Activities</b>				
Land	\$ 3,590,347	\$ 8,498,008	\$ -	\$ 12,088,355
Buildings and Improvements	\$ 14,305,600	\$ 103,271	\$ (171,377)	\$ 14,237,494
Infrastructure	19,044,597	716,809	-	19,761,406
Books	1,032,457	40,887	-	1,073,344
Furniture and Equipment	5,529,965	256,885	(283,932)	5,502,918
Land Improvements	124,195	24,288	-	148,483
Subtotal	\$ 40,036,814	\$ 1,142,140	\$ (455,309)	\$ 40,723,645
Less: Accumulated Depreciation	(13,195,134)	(1,290,603)	165,249	(14,320,488)
Subtotal	\$ 26,841,680	\$ (148,463)	\$ (290,060)	\$ 26,403,157
Construction in Progress	370,361	2,549,943	(234,793)	2,685,511
Total Capital Assets Other Than Land	\$ 27,212,041	\$ 2,401,480	\$ (524,853)	\$ 29,088,668
<b>Business Activities</b>				
Land	\$ 613,862	\$ -	\$ -	\$ 613,862
Buildings and Improvements	\$ 11,594,573	\$ -	\$ -	\$ 11,594,573
Furniture and Equipment	1,329,520	48,983	-	1,378,503
Utility Systems	5,336,614	820,394	-	6,157,008
Subtotal	\$ 18,260,707	\$ 869,377	\$ -	\$ 19,130,084
Less: Accumulated Depreciation	(9,063,225)	(343,845)	-	(9,407,070)
Subtotal	\$ 9,197,482	\$ 525,532	\$ -	\$ 9,723,014
Construction in Progress	236,693	654,675	(211,745)	679,623
Total Capital Assets Other Than Land	\$ 9,434,175	\$ 1,180,207	\$ (211,745)	\$ 10,402,637



**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 5 - CHANGES IN LONG-TERM DEBT**

The following is a summary of long-term debt transactions of the primary government for the year ended June 30, 2008:

	<b>General Obligation Bonds</b>	<b>Notes Payable</b>	<b>Compensated Absences</b>
As of July 1, 2007	\$ 7,431,730	\$ 1,026,627	\$ 467,629
Additions	-	-	51,288
(Reductions)	<u>(642,776)</u>	<u>(250,000)</u>	<u>-</u>
As of June 30, 2008	<u>\$ 6,788,954</u>	<u>\$ 776,627</u>	<u>\$ 518,917</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued**

Long-term debt at June 30, 2008 is comprised of the following individual issues:

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>June 30, 2008</u>	<u>Due Within</u> <u>One Year</u>
<b>Governmental Activities</b>					
\$4,300,000 2002 Improvement and Refunding Bonds due in annual installments of \$75,000 to \$375,000 through May 1, 2027; interest from 4.00% to 5.10% - Debt Service Fund	\$ 3,995,000	\$ -	\$ 75,000	\$ 3,920,000	\$ 85,000
\$2,040,000 2003 State Revolving Fund Bonds due in annual installments of \$61,525 to \$120,000 through October 1, 2023; interest at 2.50% - Debt Service Fund	1,601,525	-	85,000	1,516,525	90,000
\$2,015,205 2004 State Revolving Fund Bonds due in annual installments of \$90,000 to \$125,000 through April 1, 2024; interest at 2.125% - Debt Service Fund	1,835,205	-	90,000	1,745,205	95,000
\$1,900,000 1996 installment note to Fifth Third Bank due in semi-annual installments of \$84,543 to \$89,960 through May 1, 2010; interest at 2.50% - General Fund	523,377	-	523,377	-	-
\$425,000 2004 installment note to JP Morgan Chase due in semi-annual installments of \$43,905 to \$45,090 through September 5, 2008; interest at 2.679% - Public Improvement Fund	133,489	-	88,399	45,090	45,090
\$250,000 interest-free loan from Berrien County Revolving Loan Fund due in annual installments of \$25,000 beginning on January 1, 2011, through January 1, 2020 - Capital Improvement Fund	250,000	-	-	250,000	-

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 5 - CHANGES IN LONG-TERM DEBT - Continued**

	<u>Balance July 1, 2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance June 30, 2008</u>	<u>Due Within One Year</u>
<b>Governmental Activities - Continued</b>					
\$220,000 Michigan Department of Environmental Quality note due in annual installments of \$28,000 to \$52,761 through December 11, 2009; interest of \$20,308 due at maturity - Brownfield Fund	119,761	-	31,000	88,761	36,000
Compensated Absences	<u>389,094</u>	<u>26,327</u>	<u>-</u>	<u>415,421</u>	<u>311,566</u>
Total Primary Government	<u>\$ 8,847,451</u>	<u>\$ 26,327</u>	<u>\$ 892,776</u>	<u>\$ 7,981,002</u>	<u>\$ 662,656</u>
<b>Business Activities</b>					
Compensated Absences - Water Fund, Sewer Fund, Marina Fund	<u>\$ 78,535</u>	<u>\$ 24,961</u>	<u>\$ -</u>	<u>\$ 103,496</u>	<u>\$ 77,622</u>
Total Business Activities	<u>\$ 78,535</u>	<u>\$ 24,961</u>	<u>\$ -</u>	<u>\$ 103,496</u>	<u>\$ 77,622</u>

Annual debt service requirements to maturity for the above obligations are as follows:

<u>Year Ending June 30,</u>	<u>Governmental Activities</u>		<u>Business Activities</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2009	\$ 662,657	\$ 264,382	\$ 77,622	\$ -
2010	436,615	276,314	25,874	-
2011	315,000	247,754	-	-
2012	335,000	238,986	-	-
2013	345,000	229,455	-	-
2014-2018	2,000,000	978,055	-	-
2019-2023	2,411,525	615,473	-	-
2024-2028	<u>1,475,205</u>	<u>182,066</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 7,981,002</u>	<u>\$ 3,032,485</u>	<u>\$ 103,496</u>	<u>\$ -</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**

During the year, the following transfers (for operations unless otherwise noted) were made between funds:

<b>From General Fund</b>	
To Municipal Street Fund	\$ 500,000
To Local Street Fund	175,000
To Public Improvement Fund	10,000
To Ice Rink	12,100
<b>From Municipal Street Fund</b>	
To Local Street Fund	56,456
<b>From Major Street Fund</b>	
To Local Street Fund	80,000
<b>From Local Street Fund</b>	
To Municipal Street Fund	63,197
<b>From Library Endowment Fund</b>	
To Public Library Fund	22,500
<b>From Morton/Highland Capital Project Fund</b>	
To Street Improvement Fund	358,865
<b>From Ship/State Street Capital Project Fund</b>	
To Street Improvement Fund	45,763
<b>From Public Library Fund</b>	
To Library Capital Improvement Fund	22,500
<b>From Capital Improvements</b>	
To General Fund	42,100
To Major Street Fund	33,000
To Local Street Fund	77,000
<b>From Street Improvement Fund</b>	
To Local Street Fund	459,985
To Major Street Fund	446,932
To Sewer Fund	488,273
To Water Fund	317,049
<b>From Sewer/Water Fund</b>	
To Street Fund	500,000
<b>Total Transfers Between Funds</b>	
	<u>\$ 3,710,720</u>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 6 - INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS - Continued**

The composition of interfund balances as of June 30, 2008, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
<b>General</b>	Treasurer's Tax	\$ 31,128
	Imprest Payroll	2,805
	Garbage and Rubbish	1,417
	Flex Spending	273
<b>Bluffside Building</b>	General Fund	93,192
<b>Water Fund</b>	General Fund	2,919
<b>Self Insurance</b>	Budget Stabilization	200,000
<b>Employee Health Care</b>	Imprest Payroll	12,665
<b>Employee Retirement</b>	Imprest Payroll	1,435
<b>Flex Spending</b>	Imprest Payroll	1,812
<b>Nonmajor Governmental Funds</b>	General Fund	2,016
	Imprest Payroll	2,749
	Bluffside Building	75,000
	Tax Increment Finance Authority	28
	Budget Stabilization Fund	600,000
	Library Capital Improvement	110,926
	<b>Total</b>	<b>\$ 1,138,365</b>

Reconciliation of total interfund receivables to governmental funds "due from other funds":

Total interfund receivables	\$ 1,138,365
Enterprise Funds (Water)	(2,919)
Internal Service Funds (Self Insurance and Employee Health Care)	(212,665)
Pension Funds (Employees' Retirement and Flex Spending)	(3,247)
<b>Total governmental funds "due from other funds"</b>	<b>\$ 919,534</b>

Reconciliation of total interfund payables to governmental funds "due to other funds":

Total interfund payables	\$ 1,138,365
Agency Funds (Treasurer's Tax, Imprest Payroll, and Flex Spending)	(52,867)
Enterprise Funds (Water and Sewer)	-
Tax Increment Finance Authority	(28)
<b>Total governmental funds "due to other funds"</b>	<b>\$ 1,085,470</b>

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 7 - RISK MANAGEMENT**

The City of St. Joseph carries insurance for risks of loss, including torts; theft of, damage to, and destruction of assets; errors and omissions; workers' compensation and employee health and accident insurance. Settled claims resulting from these risks have not exceeded insurance coverage in the past fiscal year.

**NOTE 8 - SUMMARY DISCLOSURE OF SIGNIFICANT CONTINGENCIES**

Certain claims, suits and complaints arising in the ordinary course of business have been filed or are pending against the City. In the opinion of management and legal counsel, all such matters are covered by insurance or if not so covered, are without merit and, in any event, their ultimate resolution will not have a material effect on the City's financial position or operations.

**NOTE 9 - EMPLOYEES' DEFERRED COMPENSATION PLAN**

The City offers its employees a deferred compensation plan created in accordance with the provisions of the Internal Revenue Code Section 457. As a result of federal legislation with regard to Internal Revenue Code Section 457, the City has no rights to the assets of the deferred compensation plan. The assets of the plan have been transferred into individual trust accounts of the employees and are not subject to the claims of the general creditors of the City. Therefore, the City is not required to account for the deferred compensation plan.

**NOTE 10 - FUND BALANCE DEFICITS**

The City has incurred an accumulated deficit of \$97,386 in the Library Capital Improvement Fund, primarily due to expenditures occurring prior to the receipt of contributions that will be used to cover the project. The Public Library Fund transfers money over to the Library Capital Improvement Fund annually to reduce the fund deficit.

**NOTE 11 - USE OF ESTIMATES**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 12 - ST. JOSEPH DEVELOPMENT FUND**

The St. Joseph Development Fund (Fund) is an autonomous entity functioning as an affiliate of the Cornerstone Alliance, a 501(c)(3) nonprofit organization, and St. Joseph Improvement Association. The purpose of the Fund is to financially assist in the retention and attraction of customer-focused business entities to help grow the retail base of the region. To date the City has contributed a total of \$600,000 to the Fund. On July 15, 2008, the Board of Directors of the St. Joseph Development Fund approved a \$467,000 distribution to the City of St. Joseph for the Silver Beach Make a Memory Fund. In exchange the City relinquished the remaining rights to share in the fund's assets.

**NOTE 13 - UPCOMING REPORTING CHANGE**

The Governmental Accounting Standards Board has recently released Statement Number 45, *Accounting and Reporting by Employers for Postemployment Benefits Other Than Pensions*. The new pronouncement provides guidance for local units of government in recognizing the cost of retiree health care, as well as any "other" postemployment benefits (other than pensions). The new rules will cause the government-wide financial statements to recognize the cost of providing retiree health care coverage over the working life of the employee, rather than at the time the health care premiums are paid. The new pronouncement is effective for the year ended June 30, 2009.

**CITY OF ST. JOSEPH**  
**Notes to Financial Statements**

**NOTE 14 - PRIOR PERIOD ADJUSTMENT**

A portion of the Lake Boulevard project was not fully capitalized in the government-wide statements. As a result infrastructure and net assets were raised by \$382,960.

**NOTE 15 - RELATED PARTY TRANSACTIONS**

Mayor Robert Judd is a commissioner of the City of St. Joseph and related to one of the partners of Taglia, Fette, Dumke, & White. Throughout the year, the City obtained the services of Taglia, Fette, Dumke & White on a need basis for an amount totaling \$47,280. Mayor Judd abstained from the interviewing and approval of Taglia, Fette, Dumke, & White's contract.

**NOTE 16 - STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Expenditures over Budgets**

The following funds incurred expenditures on excess of appropriations in the activities indicated below:

	<u>Budget</u>	<u>Actual</u>	<u>Actual Over Budget</u>
General Fund:			
Recreation and Culture	\$ 927,600	\$ 928,227	\$ 627
Major Street Fund:			
Public Works	342,200	801,324	459,124
Local Street Fund:			
Public Works	480,700	987,746	507,046

**NOTE 17 - SUBSEQUENT EVENT**

In the fiscal year 2008-2009 the City plans to borrow \$1,400,000 through an installment purchase agreement to fund public improvements to Whirlpool Field in the form of a public park and interactive fountain. In addition, the City will borrow \$3,270,000 through the State of Michigan's Drinking Water Revolving Fund loan program to pay for the construction of a new water tower.

**CITY OF ST. JOSEPH  
EMPLOYEES' RETIREMENT FUND  
Required Supplementary Information**

**Schedule of Funding Progress  
(Dollar Amounts in Millions)**

<b>Actuarial Valuation Date June 30,</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Entry Age (b)</b>	<b>Unfunded AAL (UAAL) (b) - (a)</b>	<b>Funded Ratio (a) / (b)</b>	<b>Covered Payroll (c)</b>	<b>UAAL as a Percent of Covered Payroll (b) - (a) (c)</b>
2002	48.3	34.4	(13.9)	140.4%	5.3	(262.3)%
2003	48.3	36.5	(11.8)	132.3%	5.5	(214.5)%
2004	48.5	38.2	(10.3)	127.0%	5.7	(180.7)%
2005	48.5	39.7	(8.8)	122.2%	5.6	(157.1)%
2006	49.3	42.3	(7.0)	116.5%	6.2	(112.9)%
2007	52.0	43.1	(8.9)	120.6%	6.1	(145.9)%

**Schedule of Employer Contributions**

<b>Fiscal Year Ended June 30,</b>	<b>Annual Recommended Contribution</b>	<b>Actual Contributions</b>	<b>Percent Contributed</b>
2003	\$ -	\$ -	N/A
2004	-	-	N/A
2005	-	-	N/A
2006	7,446	6,728	90%
2007	76,587	218,661	286%
2008	87,981	223,575	254%

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of the latest actuarial valuation follows:

Valuation date	June 30, 2007
Actuarial cost method	Entry age actuarial cost method
Amortization method	Level percent of payroll
Equivalent single amortization period	4.3 years
Assets valuation method	5 year smoothed market
Actuarial assumptions:	
Investment rate of return*	7.00%
Projected salary increases*	4.7-9.5%
Total payroll growth	4.50%
Population growth	0%
Cost-of-living adjustments	2.5% Compound
*Includes wage inflation at 4.5%	



**CITY OF ST. JOSEPH  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds**

**Special Revenue Funds**

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

**Band Fund** - This fund is used to account for revenues collected and monies expended in the operation of the municipal band.

**Brownfield Authority Fund** - This fund is used to account for revenues captured and monies expended for environmental clean up and economic development of specific areas within the city limits.

**Building Inspection Fund** - This fund is used to account for revenues collected and monies expended for the purpose of funding planning, zoning and inspection functions.

**Cemetery Fund** - This fund is used to account for revenues collected and monies expended in the operation of the cemeteries.

**Criminal Forfeiture Fund** - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

**Depot Fund** - This fund is used to account for revenues collected and monies expended in the operation of the train depot.

**Drug Forfeiture Fund** - This fund is used to account for revenues collected and monies expended under specific forfeiture laws.

**Garbage and Rubbish Collection Fund** - This fund is used to account for revenues collected and monies expended for the purpose of garbage and rubbish collection functions.

**Justice Training Fund** - This fund is used to account for revenues collected and monies expended for the purpose of police officer training as provided by the Federal Government.

**Local Street Fund** - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as local streets.

**Major Street Fund** - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of streets designated as major streets.

**Municipal Street Fund** - This fund is used to account for revenues collected and monies expended for capital improvements and routine maintenance of local parking lots and alleys.

**Public Improvement Fund** - This fund is used to account for revenues collected and set aside for capital improvements within specific government functions.

**Public Library Fund** - This fund is used to account for revenues collected and monies expended in the operation of the public library.

**The Street Improvement Fund** - This fund is used to account for revenues collected and monies expended for the purpose of improving City streets.

**CITY OF ST. JOSEPH  
NONMAJOR GOVERNMENTAL FUNDS  
Description of Funds - Continued**

**Debt Service Fund**

**Debt Service Fund** - This fund is used to account for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

**Permanent Funds**

Permanent funds are used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the reporting government's programs.

**Cemetery Perpetual Care Fund** - This fund is used to account for principal trust amounts and related interest income. The interest portion of the trust can be used for future expenses related to the maintenance of the community cemeteries.

**Library Endowment Fund** - This fund is used to account for principal trust amounts and related interest income. The interest portion of the trust can only be used for the purchase of library books.

**Capital Project Funds**

Capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**Capital Improvement Fund** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

**CSO Capital Improvement Fund** - This fund is used to account for financial resources to be used for the construction and administration of the combined sewer overflow project.

**Library Capital Improvement Fund** - This fund is used to account for the capital improvements to the public library.

**Morton/Highland Street Project Fund** - This fund is used to account for financial resources to be used for the construction and administration of the Morton and Highland Streets water, sewer and street improvement project.

**Ship/State Street Project Fund** - This fund is used to account for financial resources to be used for the construction and administration of the Ship and State Streets water, sewer and street improvement project.

**Water/Sewer Capital Projects Fund** - This fund is used to account for financial resources to be used for capital improvements to the water and sewer distribution and collection systems within the City limits.

**Bluffside Building Fund** - This fund is to account for the construction of the project.

**CITY OF ST. JOSEPH**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Balance Sheet**  
**June 30, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Assets</b>					
Current assets:					
Cash and cash equivalents	\$ 2,017,916	\$ 275,942	\$ 46,937	\$ 434,971	\$ 2,775,766
Investments	-	-	575,000	-	575,000
Receivables	58,656	-	28,630	176,059	263,345
Due from other funds	203,582	-	310,926	276,211	790,719
Inventory	42,661	-	-	-	42,661
<b>Total Current Assets</b>	<u>\$ 2,322,815</u>	<u>\$ 275,942</u>	<u>\$ 961,493</u>	<u>\$ 887,241</u>	<u>\$ 4,447,491</u>
<b>TOTAL ASSETS</b>	<u>\$ 2,322,815</u>	<u>\$ 275,942</u>	<u>\$ 961,493</u>	<u>\$ 887,241</u>	<u>\$ 4,447,491</u>
<b>Liabilities and Fund Balances</b>					
Current Liabilities:					
Accounts payable	\$ 35,464	\$ -	\$ -	\$ 28,284	\$ 63,748
Due to other funds	1,417	-	-	110,926	112,343
Deferred revenue	74,297	-	-	7,301	81,598
<b>Total Current Liabilities</b>	<u>\$ 111,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,511</u>	<u>\$ 257,689</u>
<b>Total Liabilities</b>	<u>\$ 111,178</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,511</u>	<u>\$ 257,689</u>
Fund Balances:					
Reserved for:					
Restricted purposes	\$ 7,864	\$ -	\$ 961,493	\$ -	\$ 969,357
Restricted for inventory	42,661	-	-	-	42,661
Unreserved, reported in					
Special Revenue	2,161,112	-	-	-	2,161,112
Debt Service	-	275,942	-	-	275,942
Capital Projects	-	-	-	740,730	740,730
<b>Total Fund Balances</b>	<u>\$ 2,211,637</u>	<u>\$ 275,942</u>	<u>\$ 961,493</u>	<u>\$ 740,730</u>	<u>\$ 4,189,802</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 2,322,815</u>	<u>\$ 275,942</u>	<u>\$ 961,493</u>	<u>\$ 887,241</u>	<u>\$ 4,447,491</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Permanent Funds</u>	<u>Capital Projects Funds</u>	<u>Total Nonmajor Governmental Funds</u>
<b>Revenues:</b>					
Taxes	\$ 1,438,642	\$ 532,930	\$ -	\$ -	\$ 1,971,572
Federal revenues	193,162	-	-	-	193,162
State revenues	711,211	-	-	153,622	864,833
Charges for services	-	-	-	665,977	665,977
Licenses and permits	269,579	-	-	-	269,579
Fines, fees, and forfeits	556,077	-	-	-	556,077
Special assessments	-	-	-	5,609	5,609
Contributions	296,816	-	3,502	349,308	649,626
Interest	93,881	13,643	42,169	32,491	182,184
Other	42,051	-	-	236	42,287
Total Revenues	<u>\$ 3,601,419</u>	<u>\$ 546,573</u>	<u>\$ 45,671</u>	<u>\$ 1,207,243</u>	<u>\$ 5,400,906</u>
<b>Expenditures:</b>					
Current:					
General government	\$ 243,903	\$ -	\$ -	\$ 104,190	\$ 348,093
Public safety	5,569	-	-	-	5,569
Public works	2,441,407	-	-	182,135	2,623,542
Recreation and cultural	706,821	-	-	128,924	835,745
Sanitation	656,717	-	-	-	656,717
Community and economic development	470,015	-	-	-	470,015
Debt service:					
Principal retirement	119,399	250,000	-	-	369,399
Interest	9,657	271,130	-	-	280,787
Capital outlay	160,613	-	-	891,716	1,052,329
Total Expenditures	<u>\$ 4,814,101</u>	<u>\$ 521,130</u>	<u>\$ -</u>	<u>\$ 1,306,965</u>	<u>\$ 6,642,196</u>
Revenues Over (Under) Expenditures	<u>\$ (1,212,682)</u>	<u>\$ 25,443</u>	<u>\$ 45,671</u>	<u>\$ (99,722)</u>	<u>\$ (1,241,290)</u>
<b>Other Financing Sources (Uses):</b>					
Sale of fixed assets	\$ 6,431	\$ -	\$ -	\$ 219,988	\$ 226,419
Operating transfers in	2,900,799	-	-	41,218	2,942,017
Operating transfers out	(1,934,392)	-	(22,500)	(1,056,728)	(3,013,620)
Total Other Financing Sources (Uses)	<u>\$ 972,838</u>	<u>\$ -</u>	<u>\$ (22,500)</u>	<u>\$ (795,522)</u>	<u>\$ 154,816</u>
Net Change in Fund Balances	<u>\$ (239,844)</u>	<u>\$ 25,443</u>	<u>\$ 23,171</u>	<u>\$ (895,244)</u>	<u>\$ (1,086,474)</u>
Fund Balances - Beginning of Year	<u>2,451,481</u>	<u>250,499</u>	<u>938,322</u>	<u>1,635,974</u>	<u>5,276,276</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,211,637</u>	<u>\$ 275,942</u>	<u>\$ 961,493</u>	<u>\$ 740,730</u>	<u>\$ 4,189,802</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**Combining Balance Sheet**  
**June 30, 2008**

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>	<u>Library Capital Improvements</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 29,786	\$ 246,972	\$ 144,673	\$ 13,540
Receivables	7,301	-	168,758	-
Due from other funds	<u>275,028</u>	<u>-</u>	<u>1,183</u>	<u>-</u>
Total Current Assets	<u>\$ 312,115</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>	<u>\$ 13,540</u>
TOTAL ASSETS	<u>\$ 312,115</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>	<u>\$ 13,540</u>
<b>Liabilities and Fund Balances</b>				
Current liabilities:				
Accounts payable	\$ 28,284	\$ -	\$ -	\$ -
Due to other funds	-	-	-	110,926
Deferred revenue	<u>7,301</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Current Liabilities	<u>\$ 35,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,926</u>
Total Liabilities	<u>\$ 35,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,926</u>
Fund Balances:				
Unreserved, reported in Capital Projects	<u>\$ 276,530</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>	<u>\$ (97,386)</u>
Total Fund Balances	<u>\$ 276,530</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>	<u>\$ (97,386)</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 312,115</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>	<u>\$ 13,540</u>

<u>Morton/ Highland Street Project</u>	<u>Ship/State Street Project</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ -	\$ 434,971
-	-	176,059
-	-	276,211
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,241</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,241</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,241</u>
\$ -	\$ -	\$ 28,284
-	-	110,926
-	-	7,301
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,511</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,511</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 146,511</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,730</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,730</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ 887,241</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR CAPITAL PROJECT FUNDS**  
**Combining Statement of Revenues, Expenditures, and**  
**Changes in Fund Balances**  
**For the Year Ended June 30, 2008**

	<u>Capital Improvement</u>	<u>CSO Capital Project</u>	<u>Water/Sewer Capital Project</u>
<b>Revenues:</b>			
State revenues	\$ 6,840	\$ 146,782	\$ -
Charges for services	-	-	665,977
Special assessments	5,609	-	-
Contributions	311,978	-	-
Interest	18,853	8,532	5,106
Other	<u>236</u>	<u>-</u>	<u>-</u>
Total Revenues	<u>\$ 343,516</u>	<u>\$ 155,314</u>	<u>\$ 671,083</u>
<b>Expenditures:</b>			
Current:			
General government	\$ 71,622	\$ -	\$ 32,568
Public works	-	182,135	-
Recreation and cultural	128,924	-	-
Capital outlay	<u>500,771</u>	<u>-</u>	<u>287,674</u>
Total Expenditures	<u>\$ 701,317</u>	<u>\$ 182,135</u>	<u>\$ 320,242</u>
Revenues Over (Under) Expenditures	<u>\$ (357,801)</u>	<u>\$ (26,821)</u>	<u>\$ 350,841</u>
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ 219,988	\$ -	\$ -
Operating transfers in	18,718		
Operating transfers out	<u>(152,100)</u>	<u>-</u>	<u>(500,000)</u>
Total Other Financing Sources (Uses)	<u>\$ 86,606</u>	<u>\$ -</u>	<u>\$ (500,000)</u>
Net Change in Fund Balances	\$ (271,195)	\$ (26,821)	\$ (149,159)
Fund Balances - Beginning of Year	<u>547,725</u>	<u>273,793</u>	<u>463,773</u>
FUND BALANCES - END OF YEAR	<u>\$ 276,530</u>	<u>\$ 246,972</u>	<u>\$ 314,614</u>

<u>Library Capital Improvements</u>	<u>Morton Highland Street Project</u>	<u>Ship/State Street Project</u>	<u>Total Nonmajor Capital Project Funds</u>
\$ -	\$ -	\$ -	\$ 153,622
-	-	-	665,977
-	-	-	5,609
37,330	-	-	349,308
-	-	-	32,491
-	-	-	236
<u>\$ 37,330</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,207,243</u>
\$ -	\$ -	\$ -	\$ 104,190
-	-	-	182,135
-	-	-	128,924
103,271	-	-	891,716
<u>\$ 103,271</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,306,965</u>
\$ (65,941)	\$ -	\$ -	\$ (99,722)
\$ -	\$ -	\$ -	\$ 219,988
22,500	-	-	41,218
-	(358,865)	(45,763)	(1,056,728)
<u>\$ 22,500</u>	<u>\$ (358,865)</u>	<u>\$ (45,763)</u>	<u>\$ (795,522)</u>
\$ (43,441)	\$ (358,865)	\$ (45,763)	\$ (895,244)
(53,945)	358,865	45,763	1,635,974
<u>\$ (97,386)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 740,730</u>



**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Revenues - Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
Taxes:			
General and industrial facilities		\$ 4,519,179	
Penalty and interest on taxes		13,474	
Property taxes		<u>162,772</u>	
Total Taxes	\$ 4,688,800	\$ <u>4,695,425</u>	\$ 6,625
Federal Revenues:			
Federal shared revenues	31,000	\$ <u>31,039</u>	39
State Revenues:			
State shared revenues		\$ 962,894	
Other		<u>11,546</u>	
Total State Revenues	976,500	\$ <u>974,440</u>	(2,060)
Charges for Services:			
Administration		\$ 726,000	
Fees		104,143	
Services rendered		8,171	
Use and admissions		<u>245,946</u>	
Total Charges for Services	1,070,400	\$ <u>1,084,260</u>	13,860
Licenses and Permits:			
Licenses	4,600	\$ <u>5,018</u>	418
Fines and Forfeits:			
District Court		\$ 41,677	
Parking fines		<u>64,705</u>	
Total Fines and Forfeits	99,500	\$ <u>106,382</u>	6,882
Interest	150,000	\$ <u>156,822</u>	6,822
Miscellaneous	<u>95,100</u>	\$ <u>97,770</u>	<u>2,670</u>
TOTAL REVENUES	\$ <u>7,115,900</u>	\$ <u>7,151,156</u>	\$ <u>35,256</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Legislative:</b>			
Commission:			
Salaries and wages		\$ 15,500	
Employment related costs		1,186	
Supplies		395	
Contractual services		3,743	
Miscellaneous		<u>7,342</u>	
Total Legislative	<u>\$ 30,500</u>	<u>\$ 28,166</u>	<u>\$ 2,334</u>
<b>General Government:</b>			
City Manager:			
Salaries and wages		\$ 222,528	
Employment related costs		92,633	
Supplies		636	
Contractual services		5,620	
Miscellaneous		<u>1,138</u>	
Total City Manager	<u>\$ 329,600</u>	<u>\$ 322,555</u>	<u>\$ 7,045</u>
Clerk:			
Salaries and wages		\$ 66,355	
Employment related costs		15,809	
Supplies		848	
Contractual services		5,712	
Miscellaneous		<u>588</u>	
Total Clerk	92,800	<u>\$ 89,312</u>	3,488
Treasurer:			
Salaries and wages		\$ 147,495	
Employment related costs		18,505	
Supplies		8,280	
Contractual services		38,735	
Repairs and maintenance		419	
Miscellaneous		<u>444</u>	
Total Treasurer	217,700	<u>\$ 213,878</u>	3,822

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual - Continued  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government (continued):</b>			
City Assessor:			
Salaries and wages		\$ 57,468	
Employment related costs		9,335	
Supplies		1,432	
Contractual services		1,387	
Repairs and maintenance		775	
Miscellaneous		<u>200</u>	
Total City Assessor	73,500	\$ <u>70,597</u>	2,903
Elections:			
Salaries and wages		\$ 5,519	
Employment related costs		412	
Supplies		5,073	
Contractual services		7,278	
Rent		490	
Miscellaneous		<u>1,597</u>	
Total Elections	21,300	\$ <u>20,369</u>	931
City Hall:			
Salaries and wages		\$ 22,280	
Employment related costs		7,986	
Supplies		47,675	
Contractual services		51,232	
Utilities		57,568	
Repairs and maintenance		30,660	
Rent		1,627	
Capital outlay		88	
Miscellaneous		<u>45</u>	
Total City Hall	227,700	\$ <u>219,161</u>	8,539
Memorial Hall:			
Repairs and maintenance		\$ 1,352	
Miscellaneous		<u>10,000</u>	
Total Memorial Hall	13,000	\$ <u>11,352</u>	1,648

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual - Continued  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>General Government (continued):</b>			
City Attorney:			
Professional services		\$ 75,230	
Miscellaneous		<u>1,267</u>	
Total City Attorney	91,200	<u>\$ 76,497</u>	14,703
Communications and Marketing:			
Salaries and wages		\$ 53,575	
Employment related costs		9,027	
Supplies		6,552	
Contractual services		<u>95,576</u>	
Total Communications and Marketing	180,800	<u>\$ 164,730</u>	16,070
Personnel:			
Salaries and wages		\$ 44,073	
Employment related costs		15,557	
Supplies		1,978	
Contractual services		6,064	
Repairs and maintenance		82	
Employee recognition		<u>11,813</u>	
Total Personnel	<u>81,200</u>	<u>\$ 79,567</u>	<u>1,633</u>
Total General Government	<u>\$ 1,328,800</u>	<u>\$ 1,268,018</u>	<u>\$ 60,782</u>
<b>Public Safety:</b>			
Police:			
Salaries and wages		\$ 1,424,479	
Employment related costs		238,974	
Supplies		40,290	
Contractual services		19,969	
Repairs and maintenance		14,841	
Rent		90,000	
Miscellaneous		<u>4,599</u>	
Total Police	<u>\$ 1,862,300</u>	<u>\$ 1,833,152</u>	<u>\$ 29,148</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual - Continued  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Public Safety - Continued:</b>			
Fire:			
Salaries and wages		\$ 771,513	
Employment related costs		217,062	
Supplies		30,159	
Contractual services		10,063	
Utilities		16,777	
Repairs and maintenance		70,158	
Rent		3,300	
Miscellaneous		<u>5,859</u>	
Total Fire	<u>1,146,400</u>	<u>\$ 1,124,891</u>	<u>21,509</u>
Total Public Safety	<u>\$ 3,008,700</u>	<u>\$ 2,958,043</u>	<u>\$ 50,657</u>
<b>Public Works</b>			
Engineer:			
Salaries and wages		\$ 29,533	
Employment related costs		15,496	
Supplies		5,210	
Contractual services		2,081	
Rent		4,400	
Miscellaneous		<u>383</u>	
Total Engineer	<u>\$ 60,900</u>	<u>\$ 57,103</u>	<u>\$ 3,797</u>
Total Public Works	<u>\$ 60,900</u>	<u>\$ 57,103</u>	<u>\$ 3,797</u>
<b>Health and Welfare:</b>			
Ambulance:			
Contractual services		<u>\$ 50,537</u>	
Total Health and Welfare	<u>\$ 50,600</u>	<u>\$ 50,537</u>	<u>\$ 63</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual - Continued  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Recreation and Cultural:</b>			
Parks:			
Salaries and wages		\$ 311,788	
Employment related costs		107,931	
Supplies		63,117	
Contractual services		22,872	
Utilities		11,829	
Repairs and maintenance		21,444	
Rent		111,251	
Miscellaneous		<u>723</u>	
Total Parks	\$ 652,300	\$ <u>650,955</u>	\$ 1,345
City Recreation Program:			
Salaries and wages		\$ 19,950	
Employment related costs		1,526	
Supplies		2,135	
Contractual services		<u>3,100</u>	
Total City Recreation Program	25,700	\$ <u>26,711</u>	(1,011)
Ice Arena:			
Salaries and wages		\$ 55,223	
Employment related costs		9,086	
Supplies		25,692	
Contractual services		4,105	
Utilities		44,767	
Repairs and maintenance		13,444	
Rent		1,484	
Miscellaneous		<u>150</u>	
Total Ice Arena	156,400	\$ <u>153,951</u>	2,449
Community Activities:			
Contractual services		\$ 56,658	
Rent		<u>39,952</u>	
Total Community Activities	<u>93,200</u>	\$ <u>96,610</u>	<u>(3,410)</u>
Total Recreation and Cultural	\$ <u>927,600</u>	\$ <u>928,227</u>	\$ <u>(627)</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Expenditures - Budget and Actual - Continued  
For the Year Ended June 30, 2008**

	<u><b>Budget</b></u>	<u><b>Actual</b></u>	<u><b>Variance Positive (Negative)</b></u>
<b>Economic Development:</b>			
Economic development	\$ 65,000	\$ 65,000	\$ -
<b>Other:</b>			
Insurance and bonds		\$ 291,410	
Contingencies and miscellaneous expenditures		<u>112,348</u>	
Total Other	\$ 411,100	\$ 403,758	\$ 7,342
<b>Debt Service:</b>			
Principal retirement		\$ 523,377	
Interest expense		<u>6,543</u>	
Total Debt Service	\$ 530,000	\$ 529,920	\$ 80
TOTAL EXPENDITURES	<u>\$ 6,413,200</u>	<u>\$ 6,288,772</u>	<u>\$ 124,428</u>

**CITY OF ST. JOSEPH  
GENERAL FUND  
Statement of Other Financing Sources and Uses -  
Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In:			
Capital Improvement Fund		\$ 42,100	
Total Operating Transfers In	\$ 42,100	\$ 42,100	\$ -
Operating Transfers Out:			
Streets		\$ (500,000)	
Local Street Fund		(175,000)	
Public Improvement Fund		(10,000)	
Ice Rink		(12,100)	
Total Operating Transfers Out	\$ (697,100)	\$ (697,100)	\$ -
Total Other Financing Sources (Uses)	\$ (655,000)	\$ (655,000)	\$ -



**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet**  
**June 30, 2008**

	<u>Cemetery</u>	<u>Depot</u>	<u>Garbage and Rubbish Collection</u>	<u>Brownfield Authority</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 85,301	\$ 61,127	\$ 37,221	\$ 103,253
Receivables	1,769	-	-	-
Due from other funds	-	-	-	-
Inventory	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>TOTAL ASSETS</b>	<u>\$ 87,070</u>	<u>\$ 61,127</u>	<u>\$ 37,221</u>	<u>\$ 103,253</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 100	\$ -	\$ -	\$ -
Due to other funds	-	-	1,417	-
Deferred revenue	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities</b>	<u>\$ 100</u>	<u>\$ -</u>	<u>\$ 1,417</u>	<u>\$ -</u>
Fund Balances:				
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -
Reserved for inventory	-	-	-	-
Unreserved:				
Designated for subsequent years' expenditures	<u>86,970</u>	<u>61,127</u>	<u>35,804</u>	<u>103,253</u>
<b>Total Fund Balances</b>	<u>\$ 86,970</u>	<u>\$ 61,127</u>	<u>\$ 35,804</u>	<u>\$ 103,253</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 87,070</u>	<u>\$ 61,127</u>	<u>\$ 37,221</u>	<u>\$ 103,253</u>

<u>Public Improvement</u>	<u>Street Improvement</u>	<u>Drug Forfeiture</u>	<u>Criminal Forfeiture</u>	<u>Band</u>	<u>Public Library</u>	<u>Justice Training</u>
\$ 293,038	\$ 289,280	\$ 9,139	\$ 1,652	\$ 33,665	\$ 163,581	\$ 9,556
-	12,000	-	-	-	-	-
-	2	-	-	-	-	2,016
-	-	-	-	-	-	-
<u>\$ 293,038</u>	<u>\$ 301,282</u>	<u>\$ 9,139</u>	<u>\$ 1,652</u>	<u>\$ 33,665</u>	<u>\$ 163,581</u>	<u>\$ 11,572</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7,864	\$ -
-	-	-	-	-	-	-
<u>293,038</u>	<u>301,282</u>	<u>9,139</u>	<u>1,652</u>	<u>33,665</u>	<u>155,717</u>	<u>11,572</u>
<u>\$ 293,038</u>	<u>\$ 301,282</u>	<u>\$ 9,139</u>	<u>\$ 1,652</u>	<u>\$ 33,665</u>	<u>\$ 163,581</u>	<u>\$ 11,572</u>
<u>\$ 293,038</u>	<u>\$ 301,282</u>	<u>\$ 9,139</u>	<u>\$ 1,652</u>	<u>\$ 33,665</u>	<u>\$ 163,581</u>	<u>\$ 11,572</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Balance Sheet - Continued**  
**June 30, 2008**

	<u>Major Street</u>	<u>Building Inspection</u>	<u>Municipal Street</u>	<u>Local Street</u>	<u>Total</u>
<b>Assets</b>					
Cash and cash equivalents	\$ 364,617	\$ 288,066	\$ -	\$ 278,420	\$ 2,017,916
Receivables	31,257	865	-	12,765	58,656
Due from other funds	-	201,564	-	-	203,582
Inventory	-	-	-	42,661	42,661
<b>TOTAL ASSETS</b>	<u>\$ 395,874</u>	<u>\$ 490,495</u>	<u>\$ -</u>	<u>\$ 333,846</u>	<u>\$ 2,322,815</u>
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 10,609	\$ -	\$ -	\$ 24,755	\$ 35,464
Due to other funds	-	-	-	-	1,417
Deferred revenue	-	74,297	-	-	74,297
<b>Total Liabilities</b>	<u>\$ 10,609</u>	<u>\$ 74,297</u>	<u>\$ -</u>	<u>\$ 24,755</u>	<u>\$ 111,178</u>
<b>Fund Balances:</b>					
Reserved for restricted purposes	\$ -	\$ -	\$ -	\$ -	\$ 7,864
Reserved for inventory	-	-	-	42,661	42,661
Unreserved:					
Designated for subsequent years' expenditures	<u>385,265</u>	<u>416,198</u>	<u>-</u>	<u>266,430</u>	<u>2,161,112</u>
<b>Total Fund Balances</b>	<u>\$ 385,265</u>	<u>\$ 416,198</u>	<u>\$ -</u>	<u>\$ 309,091</u>	<u>\$ 2,211,637</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 395,874</u>	<u>\$ 490,495</u>	<u>\$ -</u>	<u>\$ 333,846</u>	<u>\$ 2,322,815</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual**  
**For the Year Ended June 30, 2008**

	<u>Cemetery</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u>
			<u>(Negative)</u>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	216,500	223,870	7,370
Contributions	400	150	(250)
Interest	4,200	3,651	(549)
Other	200	-	(200)
	<u>          </u>	<u>          </u>	<u>          </u>
Total Revenues	\$ 221,300	\$ 227,671	\$ 6,371
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Expenditures:</b>			
General government	\$ 237,600	\$ 235,593	\$ 2,007
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Expenditures	\$ 237,600	\$ 235,593	\$ 2,007
	<u>          </u>	<u>          </u>	<u>          </u>
Revenues Over (Under) Expenditures	\$ (16,300)	\$ (7,922)	\$ 8,378
	<u>          </u>	<u>          </u>	<u>          </u>
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
	<u>          </u>	<u>          </u>	<u>          </u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
	<u>          </u>	<u>          </u>	<u>          </u>
Net Change in Fund Balances	\$ (16,300)	\$ (7,922)	\$ 8,378
Fund Balances - Beginning of Year	94,892	94,892	-
	<u>          </u>	<u>          </u>	<u>          </u>
FUND BALANCES - END OF YEAR	\$ 78,592	\$ 86,970	\$ 8,378
	<u>          </u>	<u>          </u>	<u>          </u>

Depot			Garbage and Rubbish Collection		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 644,300	\$ 643,982	\$ (318)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	2,200	3,085	885
-	-	-	-	-	-
2,000	1,869	(131)	6,400	6,077	(323)
<u>19,200</u>	<u>19,230</u>	<u>30</u>	<u>300</u>	<u>300</u>	<u>-</u>
\$ <u>21,200</u>	\$ <u>21,099</u>	\$ <u>(101)</u>	\$ <u>653,200</u>	\$ <u>653,444</u>	\$ <u>244</u>
\$ 8,900	\$ 8,310	\$ 590	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	667,800	656,717	11,083
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>8,900</u>	\$ <u>8,310</u>	\$ <u>590</u>	\$ <u>667,800</u>	\$ <u>656,717</u>	\$ <u>11,083</u>
\$ <u>12,300</u>	\$ <u>12,789</u>	\$ <u>489</u>	\$ <u>(14,600)</u>	\$ <u>(3,273)</u>	\$ <u>11,327</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>
\$ 12,300	\$ 12,789	\$ 489	\$ (14,600)	\$ (3,273)	\$ 11,327
<u>48,338</u>	<u>48,338</u>	<u>-</u>	<u>39,077</u>	<u>39,077</u>	<u>-</u>
\$ <u>60,638</u>	\$ <u>61,127</u>	\$ <u>489</u>	\$ <u>24,477</u>	\$ <u>35,804</u>	\$ <u>11,327</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Continued**  
**For the Year Ended June 30, 2008**

	<b>Brownfield Authority</b>		
	<b>Budget</b>	<b>Actual</b>	<b>Variance Positive (Negative)</b>
<b>Revenues:</b>			
Taxes	\$ 84,100	\$ 84,479	\$ 379
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	3,400	2,934	(466)
Other	-	-	-
<b>Total Revenues</b>	<b>\$ 87,500</b>	<b>\$ 87,413</b>	<b>\$ (87)</b>
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	9,700	9,699	1
Debt service:			
Principal retirement	31,000	31,000	-
Interest	-	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>\$ 40,700</b>	<b>\$ 40,699</b>	<b>\$ 1</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ 46,800</b>	<b>\$ 46,714</b>	<b>\$ (86)</b>
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ 46,800</b>	<b>\$ 46,714</b>	<b>\$ (86)</b>
<b>Fund Balances - Beginning of Year</b>	<b>56,539</b>	<b>56,539</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 103,339</b>	<b>\$ 103,253</b>	<b>\$ (86)</b>

Public Improvement		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
-	-	-
-	-	-
85,000	84,950	(50)
12,900	10,642	(2,258)
-	-	-
<u>\$ 97,900</u>	<u>\$ 95,592</u>	<u>\$ (2,308)</u>
\$ -	\$ -	\$ -
-	-	-
-	-	-
20,400	16,313	4,087
-	-	-
-	-	-
88,400	88,399	1
3,000	2,988	12
-	-	-
<u>\$ 111,800</u>	<u>\$ 107,700</u>	<u>\$ 4,100</u>
<u>\$ (13,900)</u>	<u>\$ (12,108)</u>	<u>\$ 1,792</u>
\$ -	\$ -	\$ -
11,700	22,100	10,400
-	-	-
<u>\$ 11,700</u>	<u>\$ 22,100</u>	<u>\$ 10,400</u>
\$ (2,200)	\$ 9,992	\$ 12,192
283,046	283,046	-
<u>\$ 280,846</u>	<u>\$ 293,038</u>	<u>\$ 12,192</u>

Street Improvement		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ 368,200	\$ 367,983	\$ (217)
230,373	193,162	(37,211)
15,427	15,427	-
-	-	-
-	-	-
24,000	24,000	-
16,600	15,564	(1,036)
500	415	(85)
<u>\$ 655,100</u>	<u>\$ 616,551</u>	<u>\$ (38,549)</u>
\$ -	\$ -	\$ -
-	-	-
25,500	21,426	4,074
-	-	-
-	-	-
-	-	-
-	-	-
174,061	82,826	91,235
<u>\$ 199,561</u>	<u>\$ 104,252</u>	<u>\$ 95,309</u>
<u>\$ 455,539</u>	<u>\$ 512,299</u>	<u>\$ 56,760</u>
\$ -	\$ -	\$ -
960,000	964,629	4,629
(1,712,239)	(1,712,239)	-
<u>\$ (752,239)</u>	<u>\$ (747,610)</u>	<u>\$ 4,629</u>
\$ (296,700)	\$ (235,311)	\$ 61,389
536,593	536,593	-
<u>\$ 239,893</u>	<u>\$ 301,282</u>	<u>\$ 61,389</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Continued**  
**For the Year Ended June 30, 2008**

	<b>Drug Forfeiture</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	-	-	-
Fines and fees	-	-	-
Contributions	-	-	-
Interest	300	344	44
Other	<u>1,500</u>	<u>1,743</u>	<u>243</u>
Total Revenues	\$ 1,800	\$ 2,087	\$ 287
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	2,600	2,101	499
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures	\$ 2,600	\$ 2,101	\$ 499
Revenues Over (Under) Expenditures	\$ (800)	\$ (14)	\$ 786
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	<u>-</u>	<u>-</u>	<u>-</u>
Total Other Financing Sources (Uses)	\$ -	\$ -	\$ -
Net Change in Fund Balances	\$ (800)	\$ (14)	\$ 786
Fund Balances - Beginning of Year	<u>9,153</u>	<u>9,153</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 8,353</u>	<u>\$ 9,139</u>	<u>\$ 786</u>



Criminal Forfeiture			Band		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 92,000	\$ 91,979	\$ (21)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	6	6	-	-	-
-	-	-	-	-	-
100	58	(42)	700	677	(23)
-	-	-	1,900	1,920	20
<u>\$ 100</u>	<u>\$ 64</u>	<u>\$ (36)</u>	<u>\$ 94,600</u>	<u>\$ 94,576</u>	<u>\$ (24)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	85,700	79,470	6,230
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 85,700</u>	<u>\$ 79,470</u>	<u>\$ 6,230</u>
<u>\$ 100</u>	<u>\$ 64</u>	<u>\$ (36)</u>	<u>\$ 8,900</u>	<u>\$ 15,106</u>	<u>\$ 6,206</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 100	\$ 64	\$ (36)	\$ 8,900	\$ 15,106	\$ 6,206
1,588	1,588	-	18,559	18,559	-
<u>\$ 1,688</u>	<u>\$ 1,652</u>	<u>\$ (36)</u>	<u>\$ 27,459</u>	<u>\$ 33,665</u>	<u>\$ 6,206</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Continued**  
**For the Year Ended June 30, 2008**

	<b>Public Library</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
<b>Revenues:</b>			
Taxes	\$ 250,300	\$ 250,219	\$ (81)
Federal revenue	-	-	-
State revenue	27,200	27,501	301
Licenses and permits	-	-	-
Fines and fees	197,500	199,158	1,658
Contributions	187,000	187,716	716
Interest	14,000	11,997	(2,003)
Other	5,400	7,765	2,365
Total Revenues	<u>\$ 681,400</u>	<u>\$ 684,356</u>	<u>\$ 2,956</u>
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	615,593	611,038	4,555
Sanitation	-	-	-
Community and economic development	-	-	-
Debt service:			
Principal retirement	-	-	-
Interest	6,700	6,669	31
Capital outlay	78,000	77,787	213
Total Expenditures	<u>\$ 700,293</u>	<u>\$ 695,494</u>	<u>\$ 4,799</u>
Revenues Over (Under) Expenditures	<u>\$ (18,893)</u>	<u>\$ (11,138)</u>	<u>\$ 7,755</u>
<b>Other Financing Sources (Uses):</b>			
Sale of fixed assets	\$ 6,000	\$ 6,431	\$ 431
Operating transfers in	22,500	22,500	-
Operating transfers out	(22,500)	(22,500)	-
Total Other Financing Sources (Uses)	<u>\$ 6,000</u>	<u>\$ 6,431</u>	<u>\$ 431</u>
Net Change in Fund Balances	<u>\$ (12,893)</u>	<u>\$ (4,707)</u>	<u>\$ 8,186</u>
Fund Balances - Beginning of Year	<u>168,288</u>	<u>168,288</u>	<u>-</u>
<b>FUND BALANCES - END OF YEAR</b>	<u><b>\$ 155,395</b></u>	<u><b>\$ 163,581</b></u>	<u><b>\$ 8,186</b></u>

Justice Training			Major Street		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
2,200	4,200	2,000	484,300	504,412	20,112
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
300	350	50	500	4,631	4,131
-	-	-	200	140	(60)
<u>\$ 2,500</u>	<u>\$ 4,550</u>	<u>\$ 2,050</u>	<u>\$ 485,000</u>	<u>\$ 509,183</u>	<u>\$ 24,183</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
3,500	3,468	32	-	-	-
-	-	-	342,200	801,324	(459,124)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 3,500</u>	<u>\$ 3,468</u>	<u>\$ 32</u>	<u>\$ 342,200</u>	<u>\$ 801,324</u>	<u>\$ (459,124)</u>
<u>\$ (1,000)</u>	<u>\$ 1,082</u>	<u>\$ 2,082</u>	<u>\$ 142,800</u>	<u>\$ (292,141)</u>	<u>\$ (434,941)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	33,000	479,932	446,932
-	-	-	(80,000)	(80,000)	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (47,000)</u>	<u>\$ 399,932</u>	<u>\$ 446,932</u>
\$ (1,000)	\$ 1,082	\$ 2,082	\$ 95,800	\$ 107,791	\$ 11,991
10,490	10,490	-	277,474	277,474	-
<u>\$ 9,490</u>	<u>\$ 11,572</u>	<u>\$ 2,082</u>	<u>\$ 373,274</u>	<u>\$ 385,265</u>	<u>\$ 11,991</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Continued**  
**For the Year Ended June 30, 2008**

	<b>Building Inspection</b>		
	<b><u>Budget</u></b>	<b><u>Actual</u></b>	<b><u>Variance Positive (Negative)</u></b>
<b>Revenues:</b>			
Taxes	\$ -	\$ -	\$ -
Federal revenue	-	-	-
State revenue	-	-	-
Licenses and permits	363,500	269,579	(93,921)
Fines and fees	39,400	129,958	90,558
Contributions	-	-	-
Interest	15,000	17,620	2,620
Other	5,200	3,724	(1,476)
<b>Total Revenues</b>	<b>\$ 423,100</b>	<b>\$ 420,881</b>	<b>\$ (2,219)</b>
<b>Expenditures:</b>			
General government	\$ -	\$ -	\$ -
Public safety	-	-	-
Public works	-	-	-
Recreation and cultural	-	-	-
Sanitation	-	-	-
Community and economic development	491,500	460,316	31,184
Debt service:			
Principal retirement	-	-	-
Interest	-	-	-
Capital outlay	-	-	-
<b>Total Expenditures</b>	<b>\$ 491,500</b>	<b>\$ 460,316</b>	<b>\$ 31,184</b>
<b>Revenues Over (Under) Expenditures</b>	<b>\$ (68,400)</b>	<b>\$ (39,435)</b>	<b>\$ 28,965</b>
<b>Other Financing Sources (Uses):</b>			
Sales of fixed assets	\$ -	\$ -	\$ -
Operating transfers in	-	-	-
Operating transfers out	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Net Change in Fund Balances</b>	<b>\$ (68,400)</b>	<b>\$ (39,435)</b>	<b>\$ 28,965</b>
<b>Fund Balances - Beginning of Year</b>	<b>455,633</b>	<b>455,633</b>	<b>-</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>\$ 387,233</b>	<b>\$ 416,198</b>	<b>\$ 28,965</b>

Municipal Street			Local Street		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	158,000	159,671	1,671
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
13,300	13,286	(14)	5,000	4,181	(819)
6,500	6,698	198	500	116	(384)
<u>\$ 19,800</u>	<u>\$ 19,984</u>	<u>\$ 184</u>	<u>\$ 163,500</u>	<u>\$ 163,968</u>	<u>\$ 468</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
643,986	630,911	13,075	480,700	987,746	(507,046)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 643,986</u>	<u>\$ 630,911</u>	<u>\$ 13,075</u>	<u>\$ 480,700</u>	<u>\$ 987,746</u>	<u>\$ (507,046)</u>
<u>\$ (624,186)</u>	<u>\$ (610,927)</u>	<u>\$ 13,259</u>	<u>\$ (317,200)</u>	<u>\$ (823,778)</u>	<u>\$ (506,578)</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
520,000	563,197	43,197	332,000	848,441	516,441
-	(56,456)	(56,456)	(20,000)	(63,197)	(43,197)
<u>\$ 520,000</u>	<u>\$ 506,741</u>	<u>\$ (13,259)</u>	<u>\$ 312,000</u>	<u>\$ 785,244</u>	<u>\$ 473,244</u>
\$ (104,186)	\$ (104,186)	\$ -	\$ (5,200)	\$ (38,534)	\$ (33,334)
104,186	104,186	-	347,625	347,625	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 342,425</u>	<u>\$ 309,091</u>	<u>\$ (33,334)</u>

**CITY OF ST. JOSEPH**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
**Combining Statement of Revenues, Expenditures, and Changes**  
**in Fund Balances - Budget and Actual - Continued**  
**For the Year Ended June 30, 2008**

	<u>Total</u>		<u>Variance</u>
	<u>Budget</u>	<u>Actual</u>	<u>Positive</u> <u>(Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 1,438,900	\$ 1,438,642	\$ (258)
Federal revenue	230,373	193,162	(37,211)
State revenue	687,127	711,211	24,084
Licenses and permits	363,500	269,579	(93,921)
Fines and fees	455,600	556,077	100,477
Contributions	296,400	296,816	416
Interest	94,700	93,881	(819)
Other	41,400	42,051	651
Total Revenues	<u>\$ 3,608,000</u>	<u>\$ 3,601,419</u>	<u>\$ (6,581)</u>
<b>Expenditures:</b>			
General government	\$ 246,500	\$ 243,903	\$ 2,597
Public safety	6,100	5,569	531
Public works	1,492,386	2,441,407	(949,021)
Recreation and cultural	721,693	706,821	14,872
Sanitation	667,800	656,717	11,083
Community and economic development	501,200	470,015	31,185
Debt service:			
Principal retirement	119,400	119,399	1
Interest	9,700	9,657	43
Capital outlay	252,061	160,613	91,448
Total Expenditures	<u>\$ 4,016,840</u>	<u>\$ 4,814,101</u>	<u>\$ (797,261)</u>
Revenues Over (Under) Expenditures	<u>\$ (408,840)</u>	<u>\$ (1,212,682)</u>	<u>\$ (803,842)</u>
<b>Other Financing Sources (Uses):</b>			
Sales of fixed assets	\$ 6,000	\$ 6,431	\$ 431
Operating transfers in	1,879,200	2,900,799	1,021,599
Operating transfers out	(1,834,739)	(1,934,392)	(99,653)
Total Other Financing Sources (Uses)	<u>\$ 50,461</u>	<u>\$ 972,838</u>	<u>\$ 922,377</u>
Net Change in Fund Balances	<u>\$ (358,379)</u>	<u>\$ (239,844)</u>	<u>\$ 118,535</u>
Fund Balances - Beginning of Year	<u>2,451,481</u>	<u>2,451,481</u>	<u>-</u>
FUND BALANCES - END OF YEAR	<u>\$ 2,093,102</u>	<u>\$ 2,211,637</u>	<u>\$ 118,535</u>

**CITY OF ST. JOSEPH  
COMPONENT UNITS  
Combining Statement of Net Assets  
June 30, 2008**

	<b><u>Downtown Development Authority</u></b>	<b><u>Tax Increment Finance Authority</u></b>	<b><u>Total</u></b>
<b>Assets</b>			
Cash and cash equivalents	\$ 52,685	\$ 28	\$ 52,713
 TOTAL ASSETS	 <u>\$ 52,685</u>	 <u>\$ 28</u>	 <u>\$ 52,713</u>
 <b>Liabilities</b>			
Due to other funds	\$ -	\$ 28	\$ 28
 Total Liabilities	 <u>\$ -</u>	 <u>\$ 28</u>	 <u>\$ 28</u>
 <b>Net Assets</b>			
Unrestricted	\$ 52,685	\$ -	\$ 52,685
 TOTAL NET ASSETS	 <u>\$ 52,685</u>	 <u>\$ 28</u>	 <u>\$ 52,713</u>

**CITY OF ST. JOSEPH  
COMPONENT UNITS  
Combining Statement of Revenues, Expenditures, and Changes  
in Net Assets - Budget and Actual  
For the Year Ended June 30, 2008**

	<u>Downtown Development Authority</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
<b>Revenues:</b>			
Taxes	\$ 43,200	\$ 43,254	\$ 54
Interest	<u>4,300</u>	<u>2,496</u>	<u>(1,804)</u>
Total Revenues	<u>\$ 47,500</u>	<u>\$ 45,750</u>	<u>\$ (1,750)</u>
<b>Expenditures:</b>			
General government	<u>\$ 47,400</u>	<u>\$ 50,736</u>	<u>\$ (3,336)</u>
Total Expenditures	<u>\$ 47,400</u>	<u>\$ 50,736</u>	<u>\$ (3,336)</u>
Revenues Over (Under) Expenditures	<u>\$ 100</u>	<u>\$ (4,986)</u>	<u>\$ (5,086)</u>
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Change in Net Assets	\$ 100	\$ (4,986)	\$ (5,086)
Total Net Assets - Beginning of Year	<u>57,671</u>	<u>57,671</u>	<u>-</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 57,771</u>	<u>\$ 52,685</u>	<u>\$ (5,086)</u>



Tax Increment Finance Authority			Total		
<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance Positive (Negative)</u>
\$ -	\$ -	\$ -	\$ 43,200	\$ 43,254	\$ 54
800	675	(125)	5,100	3,171	(1,929)
\$ 800	\$ 675	\$ (125)	\$ 48,300	\$ 46,425	\$ (1,875)
\$ 1,000	\$ 875	\$ 125	\$ 48,400	\$ 51,611	\$ (3,211)
\$ 1,000	\$ 875	\$ 125	\$ 48,400	\$ 51,611	\$ (3,211)
\$ (200)	\$ (200)	\$ -	\$ (100)	\$ (5,186)	\$ (5,086)
\$ (18,717)	\$ (18,718)	\$ (1)	\$ (18,717)	\$ (18,718)	\$ (1)
\$ (18,917)	\$ (18,918)	\$ (1)	\$ (18,817)	\$ (23,904)	\$ (5,087)
18,918	18,918	-	76,589	76,589	-
\$ 1	\$ -	\$ (1)	\$ 57,772	\$ 52,685	\$ (5,087)

**CITY OF ST. JOSEPH**  
**INTERNAL SERVICE FUNDS**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Assets</b>				
Current assets:				
Cash and cash equivalents	\$ 503,392	\$ 741,246	\$ 127,833	\$ 1,372,471
Due from other funds	200,000	-	12,665	212,665
Inventory	-	39,360	-	39,360
Prepaid expenses	-	-	18,000	18,000
Total Current Assets	<u>\$ 703,392</u>	<u>\$ 780,606</u>	<u>\$ 158,498</u>	<u>\$ 1,642,496</u>
Noncurrent assets:				
Equipment	\$ -	\$ 3,183,597	\$ -	\$ 3,183,597
Less: Accumulated depreciation	<u>-</u>	<u>(2,426,204)</u>	<u>-</u>	<u>(2,426,204)</u>
Total Noncurrent Assets	<u>\$ -</u>	<u>\$ 757,393</u>	<u>\$ -</u>	<u>\$ 757,393</u>
TOTAL ASSETS	<u>\$ 703,392</u>	<u>\$ 1,537,999</u>	<u>\$ 158,498</u>	<u>\$ 2,399,889</u>
<b>Liabilities</b>				
Current liabilities:				
Accrued liabilities	\$ -	\$ 3,499	\$ -	\$ 3,499
Total Liabilities	<u>\$ -</u>	<u>\$ 3,499</u>	<u>\$ -</u>	<u>\$ 3,499</u>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	\$ -	\$ 757,393	\$ -	\$ 757,393
Restricted for employee benefits	703,392	-	158,498	861,890
Unrestricted	<u>-</u>	<u>777,107</u>	<u>-</u>	<u>777,107</u>
TOTAL NET ASSETS	<u>\$ 703,392</u>	<u>\$ 1,534,500</u>	<u>\$ 158,498</u>	<u>\$ 2,396,390</u>

**CITY OF ST. JOSEPH**  
**INTERNAL SERVICE FUNDS**  
**Combining Statement of Revenues, Expenses, and**  
**Changes in Net Assets**  
**For the Year Ended June 30, 2008**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Operating Revenues:</b>				
Rents	\$ -	\$ 920,911	\$ -	\$ 920,911
Other	<u>108,968</u>	<u>39,717</u>	<u>1,524,705</u>	<u>1,673,390</u>
Total Operating Revenues	<u>\$ 108,968</u>	<u>\$ 960,628</u>	<u>\$ 1,524,705</u>	<u>\$ 2,594,301</u>
<b>Operating Expenses:</b>				
Salaries and wages	\$ 68,430	\$ 85,778	\$ 9,800	\$ 164,008
Employment related costs	3,089	26,533	750	30,372
Depreciation	-	175,143	-	175,143
Supplies	-	328,900	-	328,900
Contractual services	3,202	10,474	20,811	34,487
Repairs and maintenance	-	83,243	-	83,243
Insurance	241,519	65,152	1,501,605	1,808,276
Miscellaneous	<u>2,622</u>	<u>206</u>	<u>-</u>	<u>2,828</u>
Total Operating Expenses	<u>\$ 318,862</u>	<u>\$ 775,429</u>	<u>\$ 1,532,966</u>	<u>\$ 2,627,257</u>
Operating Income (Loss)	<u>\$ (209,894)</u>	<u>\$ 185,199</u>	<u>\$ (8,261)</u>	<u>\$ (32,956)</u>
<b>Nonoperating Revenues (Expenses):</b>				
Interest income	\$ 26,819	\$ 20,415	\$ 4,852	\$ 52,086
Gain on disposition of assets	<u>-</u>	<u>(13,820)</u>	<u>-</u>	<u>(13,820)</u>
Total Nonoperating Revenues	<u>\$ 26,819</u>	<u>\$ 6,595</u>	<u>\$ 4,852</u>	<u>\$ 38,266</u>
Income (Loss)	<u>\$ (183,075)</u>	<u>\$ 191,794</u>	<u>\$ (3,409)</u>	<u>\$ 5,310</u>
Change in Net Assets	<u>\$ (183,075)</u>	<u>\$ 191,794</u>	<u>\$ (3,409)</u>	<u>\$ 5,310</u>
Total Net Assets - Beginning of Year	<u>886,467</u>	<u>1,342,706</u>	<u>161,907</u>	<u>2,391,080</u>
TOTAL NET ASSETS - END OF YEAR	<u>\$ 703,392</u>	<u>\$ 1,534,500</u>	<u>\$ 158,498</u>	<u>\$ 2,396,390</u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows  
For the Year Ended June 30, 2008**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Cash Flows From Operating Activities:</b>				
Cash receipts for interfund services provided	\$ -	\$ 996,700	\$ 1,189,705	\$ 2,186,405
Cash receipts from customers	108,729	43,692	-	152,421
Other receipts	239	-	324,023	324,262
Other payments	(2,622)	(206)	-	(2,828)
Payments to employees	(71,519)	(112,421)	(10,551)	(194,491)
Payments to suppliers	(244,721)	(489,058)	(1,540,416)	(2,274,195)
Payments to other funds	(200,000)	-	-	(200,000)
Payments to interfund services provided	-	(7,500)	-	(7,500)
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by operating activities	\$ (409,894)	\$ 431,207	\$ (37,239)	\$ (15,926)
<b>Cash Flows From Capital and Related Financing Activities:</b>				
Purchase of capital assets	\$ -	\$ (208,103)	\$ -	\$ (208,103)
Proceeds from sale of capital assets	-	23,500	-	23,500
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by capital and related financing activities	\$ -	\$ (184,603)	\$ -	\$ (184,603)
<b>Cash Flows From Investing Activities:</b>				
Sale of securities	\$ 202,352	\$ -	\$ -	\$ 202,352
Interest and dividends received	26,819	20,415	4,852	52,086
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Net cash provided (used) by investing activities	\$ 229,171	\$ 20,415	\$ 4,852	\$ 254,438
Net increase (decrease) in cash and cash equivalents	\$ (180,723)	\$ 267,019	\$ (32,387)	\$ 53,909
Balances - Beginning of Year	<u>684,115</u>	<u>474,227</u>	<u>160,220</u>	<u>1,318,562</u>
BALANCES - END OF YEAR	<u>\$ 503,392</u>	<u>\$ 741,246</u>	<u>\$ 127,833</u>	<u>\$ 1,372,471</u>

**CITY OF ST. JOSEPH  
INTERNAL SERVICE FUNDS  
Combining Statement of Cash Flows - Continued  
For the Year Ended June 30, 2008**

	<u>Self Insurance</u>	<u>Motor Pool</u>	<u>Employee Health Care</u>	<u>Total</u>
<b>Reconciliation of operating income (loss) to net cash provided (used) by operating activities:</b>				
Operating income (loss)	\$ (209,894)	\$ 185,199	\$ (8,261)	\$ (32,956)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation expense	\$ -	\$ 175,143	\$ -	\$ 175,143
(Increase) decrease in:				
Accounts receivable	-	3,975	-	3,975
Due from other funds	(200,000)	75,789	(10,978)	(135,189)
Inventory	-	(9,498)	-	(9,498)
Prepaid expenses	-	-	(18,000)	(18,000)
Increase (decrease) in:				
Accrued liabilities	-	599	-	599
 Total Adjustments	 \$ (200,000)	 \$ 246,008	 \$ (28,978)	 \$ 17,030
Net cash provided (used) by operating activities	\$ (409,894)	\$ 431,207	\$ (37,239)	\$ (15,926)

**CITY OF ST. JOSEPH**  
**PENSION AND OTHER EMPLOYEE BENEFITS FUNDS**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	<b>Employees'</b> <b>Retirement</b> <b>Fund</b>	<b>Flex Spending</b> <b>Fund</b>	<b>Total</b>
<b>Assets</b>			
Cash and cash equivalents	\$ 182,658	\$ 2,290	\$ 184,948
Receivables:			
Interest receivable	\$ 143,450	\$ -	\$ 143,450
Due from employer	17,392	-	17,392
Due from other funds	<u>1,435</u>	<u>1,812</u>	<u>3,247</u>
Total Receivables	\$ <u>162,277</u>	\$ <u>1,812</u>	\$ <u>164,089</u>
Investments, at fair value:			
Stock	\$ 29,389,425	\$ -	\$ 29,389,425
Bonds	8,083,917	-	8,083,917
Governmental obligations	10,427,287	-	10,427,287
Other	<u>2,474,594</u>	<u>-</u>	<u>2,474,594</u>
Total Investments	\$ <u>50,375,223</u>	\$ <u>-</u>	\$ <u>50,375,223</u>
Total Assets	\$ <u>50,720,158</u>	\$ <u>4,102</u>	\$ <u>50,724,260</u>
<b>Liabilities</b>			
Due to employees	\$ -	\$ 3,829	\$ 3,829
Due to other funds	<u>-</u>	<u>273</u>	<u>273</u>
Total Liabilities	\$ <u>-</u>	\$ <u>4,102</u>	\$ <u>4,102</u>
<b>Net Assets</b>			
Held in trust for pension benefits and other employee benefits	\$ <u>50,720,158</u>	\$ <u>-</u>	\$ <u>50,720,158</u>

**CITY OF ST. JOSEPH**  
**PENSION AND OTHER EMPLOYEE BENEFITS FUNDS**  
**Combining Statement of Changes in Net Assets**  
**June 30, 2008**

	<b>Employees' Retirement Fund</b>	<b>Flex Spending Fund</b>	<b>Total</b>
<b>Additions:</b>			
Contributions:			
Plan members	\$ 306,929	\$ -	\$ 306,929
Employers	<u>223,575</u>	<u>-</u>	<u>223,575</u>
Total Contributions	\$ <u>530,504</u>	\$ <u>-</u>	\$ <u>530,504</u>
Investment Earnings:			
Interest and dividends	2,218,555	-	2,218,555
Miscellaneous	<u>50,286</u>	<u>-</u>	<u>50,286</u>
Total Investment Earnings	\$ 2,268,841	\$ -	\$ 2,268,841
Less: investment expenses	<u>(212,332)</u>	<u>-</u>	<u>(212,332)</u>
Net Investment Earnings	\$ <u>2,056,509</u>	\$ <u>-</u>	\$ <u>2,056,509</u>
Total Additions	\$ <u>2,587,013</u>	\$ <u>-</u>	\$ <u>2,587,013</u>
<b>Deductions:</b>			
Net decrease, FMV investments	\$ 5,040,456	\$ -	\$ 5,040,456
Benefits	1,829,939	-	1,829,939
Refund of contributions	46,135	-	46,135
Administrative expense	<u>15,664</u>	<u>277</u>	<u>15,941</u>
Total Deductions	\$ <u>6,932,194</u>	\$ <u>277</u>	\$ <u>6,932,471</u>
Change in Net Assets	\$ (4,345,181)	\$ (277)	\$ (4,345,458)
Net Assets - Beginning of Year	<u>55,065,339</u>	<u>277</u>	<u>55,065,616</u>
NET ASSETS - END OF YEAR	<u>\$ 50,720,158</u>	<u>\$ -</u>	<u>\$ 50,720,158</u>

**CITY OF ST. JOSEPH**  
**AGENCY FUNDS**  
**Combining Statement of Net Assets**  
**June 30, 2008**

	<b>Treasurer's Tax Fund</b>	<b>Imprest Payroll Fund</b>	<b>Trust and Agency Fund</b>	<b><u>Total</u></b>
<b>Assets</b>				
Cash and cash equivalents	\$ 31,128	\$ 18,162	\$ 107	\$ 49,397
Due from other governments	<u>-</u>	<u>3,305</u>	<u>-</u>	<u>3,305</u>
 TOTAL ASSETS	 <u>\$ 31,128</u>	 <u>\$ 21,467</u>	 <u>\$ 107</u>	 <u>\$ 52,702</u>
 <b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ 107	\$ 107
Due to other funds	<u>31,128</u>	<u>21,467</u>	<u>-</u>	<u>52,595</u>
 TOTAL LIABILITIES	 <u>\$ 31,128</u>	 <u>\$ 21,467</u>	 <u>\$ 107</u>	 <u>\$ 52,702</u>



**CITY OF ST. JOSEPH**  
**AGENCY FUNDS**  
**Combining Statement of Changes in Assets and Liabilities**  
**For the Year Ended June 30, 2008**

**Treasurer's Tax Fund:**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 29,541	\$ 16,658,481	\$ 16,656,894	\$ 31,128
<b>TOTAL ASSETS</b>	<u>\$ 29,541</u>	<u>\$ 16,658,481</u>	<u>\$ 16,656,894</u>	<u>\$ 31,128</u>
<b>Liabilities</b>				
Undistributed taxes	\$ -	\$ 381	\$ 381	\$ -
Due to other funds	<u>29,541</u>	<u>1,587</u>	<u>-</u>	<u>31,128</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 29,541</u>	<u>\$ 1,968</u>	<u>\$ 381</u>	<u>\$ 31,128</u>

**Imprest Payroll Fund:**

	<u>Balance</u> <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>June 30, 2008</u>
<b>Assets</b>				
Cash and cash equivalents	\$ 8,819	\$ 4,451,274	\$ 4,441,931	\$ 18,162
Due from other governments	<u>-</u>	<u>3,305</u>	<u>-</u>	<u>3,305</u>
<b>TOTAL ASSETS</b>	<u>\$ 8,819</u>	<u>\$ 4,454,579</u>	<u>\$ 4,441,931</u>	<u>\$ 21,467</u>
<b>Liabilities</b>				
Due to other funds	<u>\$ 8,819</u>	<u>\$ 21,467</u>	<u>\$ 8,819</u>	<u>\$ 21,467</u>
<b>TOTAL LIABILITIES</b>	<u>\$ 8,819</u>	<u>\$ 21,467</u>	<u>\$ 8,819</u>	<u>\$ 21,467</u>

**CITY OF ST. JOSEPH**  
**AGENCY FUNDS**  
**Combining Statement of Changes in Assets and Liabilities - Continued**  
**For the Year Ended June 30, 2008**

<b>Trust and Agency Fund:</b>	<b>Balance July 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2008</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 37	\$ 6,520	\$ 6,450	\$ 107
<b>TOTAL ASSETS</b>	<u>\$ 37</u>	<u>\$ 6,520</u>	<u>\$ 6,450</u>	<u>\$ 107</u>
<b>Liabilities</b>				
Accounts payable	\$ 37	\$ 145	\$ 75	\$ 107
<b>TOTAL LIABILITIES</b>	<u>\$ 37</u>	<u>\$ 145</u>	<u>\$ 75</u>	<u>\$ 107</u>
<b>Total - All Agency Funds:</b>				
	<b>Balance July 1, 2007</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance June 30, 2008</b>
<b>Assets</b>				
Cash and cash equivalents	\$ 38,397	\$ 21,116,275	\$ 21,105,275	\$ 49,397
Due from other governments	-	3,305	-	3,305
<b>TOTAL ASSETS</b>	<u>\$ 38,397</u>	<u>\$ 21,119,580</u>	<u>\$ 21,105,275</u>	<u>\$ 52,702</u>
<b>Liabilities</b>				
Accounts payable	\$ 37	\$ 145	\$ 75	\$ 107
Undistributed taxes	-	381	381	-
Due to other funds	38,360	23,054	8,819	52,595
<b>TOTAL LIABILITIES</b>	<u>\$ 38,397</u>	<u>\$ 23,580</u>	<u>\$ 9,275</u>	<u>\$ 52,702</u>

**CITY OF ST. JOSEPH  
PERMANENT FUNDS  
Combining Balance Sheet  
June 30, 2008**

	<b>Cemetery Perpetual Care</b>	<b>Library Endowment</b>	<b>Total</b>
<b>Assets</b>			
Cash	\$ 7,356	\$ 39,581	\$ 46,937
Investments	-	575,000	575,000
Interest receivable	-	28,630	28,630
Due from other funds	<u>200,000</u>	<u>110,926</u>	<u>310,926</u>
 TOTAL ASSETS	 <u>\$ 207,356</u>	 <u>\$ 754,137</u>	 <u>\$ 961,493</u>
 <b>Fund Balances</b>			
Reserved for restricted purposes	\$ 207,356	\$ 270,273	\$ 477,629
Reserved for endowment	<u>-</u>	<u>483,864</u>	<u>483,864</u>
 TOTAL FUND BALANCES	 <u>\$ 207,356</u>	 <u>\$ 754,137</u>	 <u>\$ 961,493</u>

**CITY OF ST. JOSEPH  
PERMANENT FUNDS  
Combining Statement of Revenues, Expenditures, and  
Changes in Fund Balances  
For the Year Ended June 30, 2008**

	<b>Cemetery Perpetual Care</b>	<b>Library Endowment</b>	<b>Total</b>
<b>Revenues:</b>			
Contributions	\$ -	\$ 3,502	\$ 3,502
Interest	<u>5,004</u>	<u>37,165</u>	<u>42,169</u>
<b>Total Revenues</b>	<b>\$ 5,004</b>	<b>\$ 40,667</b>	<b>\$ 45,671</b>
<b>Other Financing Sources (Uses):</b>			
Operating transfers out	<u>-</u>	<u>(22,500)</u>	<u>(22,500)</u>
<b>Net Changes in Fund Balances</b>	<b>\$ 5,004</b>	<b>\$ 18,167</b>	<b>\$ 23,171</b>
<b>Fund Balances - Beginning of Year</b>	<b><u>202,352</u></b>	<b><u>735,970</u></b>	<b><u>\$ 938,322</u></b>
<b>FUND BALANCES - END OF YEAR</b>	<b><u>\$ 207,356</u></b>	<b><u>\$ 754,137</u></b>	<b><u>\$ 961,493</u></b>

**CITY OF ST. JOSEPH**  
**Schedule of 2004 State Revolving Fund Bonds**  
**Project 5190-02**  
**June 30, 2008**

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal October 1</u>	<u>Balance</u>
			<u>October 1</u>	<u>April 1</u>		
2009	2.125%	\$ 132,085	\$ 18,543	\$ 18,542	\$ 95,000	\$ 1,650,205
2010	2.125%	130,067	17,533	17,534	95,000	1,555,205
2011	2.125%	128,048	16,524	16,524	95,000	1,460,205
2012	2.125%	131,029	15,515	15,514	100,000	1,360,205
2013	2.125%	128,904	14,452	14,452	100,000	1,260,205
2014	2.125%	131,779	13,389	13,390	105,000	1,155,205
2015	2.125%	129,548	12,274	12,274	105,000	1,050,205
2016	2.125%	132,317	11,159	11,158	110,000	940,205
2017	2.125%	129,979	9,989	9,990	110,000	830,205
2018	2.125%	132,642	8,821	8,821	115,000	715,205
2019	2.125%	130,198	7,599	7,599	115,000	600,205
2020	2.125%	132,754	6,377	6,377	120,000	480,205
2021	2.125%	130,204	5,102	5,102	120,000	360,205
2022	2.125%	132,654	3,827	3,827	125,000	235,205
2023	2.125%	129,998	2,499	2,499	125,000	110,205
2024	2.125%	112,547	1,171	1,171	110,205	-
		<u>\$ 2,074,753</u>	<u>\$ 164,774</u>	<u>\$ 164,774</u>	<u>\$ 1,745,205</u>	

**Purpose:**

To finance the City's combined sewer overflow project.

**Terms:**

Principal is due annually. Interest is due semi-annually April 1 and October 1.

**CITY OF ST. JOSEPH**  
**Schedule of Capital Improvement Note**  
**Berrien County Revolving Loan Fund**  
**June 30, 2008**

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>	<u>Principal January 1</u>	<u>Balance</u>
2009	-	\$ -	\$ -	\$ -	\$ 250,000
2010	-	-	-	-	250,000
2011	-	25,000	-	25,000	225,000
2012	-	25,000	-	25,000	200,000
2013	-	25,000	-	25,000	175,000
2014	-	25,000	-	25,000	150,000
2015	-	25,000	-	25,000	125,000
2016	-	25,000	-	25,000	100,000
2017	-	25,000	-	25,000	75,000
2018	-	25,000	-	25,000	50,000
2019	-	25,000	-	25,000	25,000
2020	-	25,000	-	25,000	-
		<u>\$ 250,000</u>	<u>\$ -</u>	<u>\$ 250,000</u>	

Purpose:

To finance construction of Momany/Renaissance Drive.

Terms:

Principal due annually January 1.

**CITY OF ST. JOSEPH**  
**Schedule of 2002 Improvement and Refunding Bonds**  
**June 30, 2008**

<b>Year Ended June 30,</b>	<b>Interest Rate</b>	<b>Annual Debt Service</b>	<b>Interest</b>		<b>Principal May 1</b>	<b>Balance</b>
			<b>November 1</b>	<b>May 1</b>		
2009	4.125%	\$ 274,906	\$ 94,953	\$ 94,953	\$ 85,000	\$ 3,835,000
2010	4.125%	281,400	93,200	93,200	95,000	3,740,000
2011	4.375%	282,481	91,241	91,240	100,000	3,640,000
2012	4.375%	293,106	89,053	89,053	115,000	3,525,000
2013	4.500%	298,075	86,537	86,538	125,000	3,400,000
2014	4.500%	302,450	83,725	83,725	135,000	3,265,000
2015	4.750%	311,375	80,688	80,687	150,000	3,115,000
2016	4.875%	314,250	77,125	77,125	160,000	2,955,000
2017	5.000%	321,450	73,225	73,225	175,000	2,780,000
2018	5.000%	327,700	68,850	68,850	190,000	2,590,000
2019	4.750%	333,200	64,100	64,100	205,000	2,385,000
2020	4.750%	343,463	59,231	59,232	225,000	2,160,000
2021	4.750%	352,775	53,888	53,887	245,000	1,915,000
2022	4.800%	361,138	48,069	48,069	265,000	1,650,000
2023	4.950%	368,418	41,709	41,709	285,000	1,365,000
2024	5.000%	374,310	34,655	34,655	305,000	1,060,000
2025	5.100%	384,060	27,030	27,030	330,000	730,000
2026	5.100%	392,230	18,615	18,615	355,000	375,000
2027	5.100%	<u>394,125</u>	<u>9,562</u>	<u>9,563</u>	<u>375,000</u>	-
		<u>\$ 6,310,912</u>	<u>\$ 1,195,456</u>	<u>\$ 1,195,456</u>	<u>\$ 3,920,000</u>	

**Purpose:**

To finance the City's combined sewer overflow project.

**Terms:**

Principal is due annually. Interest is due semi-annually May 1 and November 1.

**CITY OF ST. JOSEPH**  
**Schedule of 2003 State Revolving Fund Bonds**  
**Project 5190-01**  
**June 30, 2008**

<b>Year Ended June 30,</b>	<b>Interest Rate</b>	<b>Annual Debt Service</b>	<b>Interest</b>		<b>Principal October 1</b>	<b>Balance</b>
			<b>October 1</b>	<b>April 1</b>		
2009	2.50%	\$ 126,787	\$ 18,956	\$ 17,831	\$ 90,000	\$ 1,426,525
2010	2.50%	124,539	17,832	16,707	90,000	1,336,525
2011	2.50%	127,225	16,706	15,519	95,000	1,241,525
2012	2.50%	124,850	15,519	14,331	95,000	1,146,525
2013	2.50%	122,476	14,332	13,144	95,000	1,051,525
2014	2.50%	125,038	13,144	11,894	100,000	951,525
2015	2.50%	122,538	11,894	10,644	100,000	851,525
2016	2.50%	124,976	10,644	9,332	105,000	746,525
2017	2.50%	122,350	9,331	8,019	105,000	641,525
2018	2.50%	124,663	8,019	6,644	110,000	531,525
2019	2.50%	126,850	6,644	5,206	115,000	416,525
2020	2.50%	123,976	5,207	3,769	115,000	301,525
2021	2.50%	126,038	3,769	2,269	120,000	181,525
2022	2.50%	123,038	2,269	769	120,000	61,525
2023	2.50%	62,294	769	-	61,525	-
		<u>\$ 1,807,638</u>	<u>\$ 155,035</u>	<u>\$ 136,078</u>	<u>\$ 1,516,525</u>	

**Purpose:**

To finance the City's combined sewer overflow project.

**Terms:**

Principal is due annually. Interest is due semi-annually April 1 and October 1.



**CITY OF ST. JOSEPH**  
**Schedule of 2004 Installment Note**  
**J.P. Morgan Chase Bank**  
**June 30, 2008**

<u>Year Ended June 30,</u>	<u>Interest Rate</u>	<u>Annual Debt Service</u>	<u>Interest</u>		<u>Principal</u>		<u>Balance</u>
			<u>September 5</u>	<u>March 5</u>	<u>September 5</u>	<u>March 5</u>	
2009	2.679%	\$ 45,694	\$ 604	\$ -	\$ 45,090	\$ -	\$ -
		<u>\$ 45,694</u>	<u>\$ 604</u>	<u>\$ -</u>	<u>\$ 45,090</u>	<u>\$ -</u>	

**Purpose:**

To finance the purchase of a fire truck.

**Terms:**

Principal and interest due semi-annually March 5 and September 5.

**CITY OF ST. JOSEPH**  
**Schedule of Brownfield Lien Note**  
**Michigan Department of Environmental Quality**  
**June 30, 2008**

<b>Year Ended <u>June 30,</u></b>	<b><u>Interest December 11</u></b>	<b><u>Principal December 11</u></b>	<b><u>Total Payment</u></b>
2009	-	\$ 36,000	\$ 36,000
2010	<u>20,308</u>	<u>52,761</u>	<u>73,069</u>
	<u>\$ 20,308</u>	<u>\$ 88,761</u>	<u>\$ 109,069</u>

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 12, 2008

## REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH **GOVERNMENT AUDITING STANDARDS**

To the City Commission  
of the City of St. Joseph

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City of St. Joseph as of and for the year ended June 30, 2008, which collectively comprise the City's financial statements and have issued our report thereon dated September 12, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States of America.

### Compliance

As part of obtaining assurance about whether the City of St. Joseph's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the City of St. Joseph's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting which we have reported to management of the City of St. Joseph in a separate letter dated September 12, 2008.

This report is intended solely for the information and use of the City Commission, management and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than those specified parties.

*Gerbel & Company, P.C.*

**Right. On time.**

# Gerbel & Company, P.C.

CERTIFIED PUBLIC ACCOUNTANTS

Fifth Third Bank Building ■ 4<sup>th</sup> Floor ■ 830 Pleasant Street ■ P.O. Box 44 ■ St. Joseph, Michigan 49085-0044

September 12, 2008

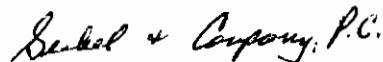
To the City Commission  
City of St. Joseph, Michigan

In connection with our audit of the financial statements of the City of St. Joseph for the year ended June 30, 2008, we offer the following comments and recommendations.

1. We noted during the year that there were donations of land that were not booked. Donations of capital assets are considered revenue as well as a capital outlay under modified accrual accounting. Care should also be taken to budget for the resulting capital outlay after the donation is received.
2. Currently signature plates and blank checks are stored in the same locked location. For better security we recommend that these items be stored in a separate location.
3. We recommend that the City look over the dismissal process for employees. We recommend that the process include an exit interview and the return of any keys and other equipment the employee may have to City property.
4. During our testing we noted that capital assets were posted in the expense accounts of full accrual funds. We recommend that fixed assets be posted to the appropriate accounts prior to the audit. A list of all those items that should be capitalized should be kept and presented to the auditors.
5. During the audit it was noted that some projects were not being capitalized at the full cost. The cost to the City was booked; however, the federal portion of the project was not booked. We recommend that the City Engineer and the Finance Director review projects administered by the State of Michigan to ensure that pass through Federal dollars are booked in the proper accounting period.
6. We noted that some of the City's bank accounts were over FDIC limits. The City staff should continue to monitor the financial institutions that the City uses.

We appreciate the cooperation and courtesy extended to us by the officials and employees of the City of St. Joseph and trust that these comments and recommendations will be accepted in the spirit of cooperation in which they are intended.

Very truly yours,



GERBEL & COMPANY, P.C.  
Certified Public Accountants

**Right. On time.**

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